

103

REINVENTING THE U.S. DEPARTMENT OF AGRICULTURE

Y 4.G 74/7:AG 8/10

Reinventing the U.S. Department of...

HEARING

BEFORE THE

INFORMATION, JUSTICE, TRANSPORTATION,
AND AGRICULTURE SUBCOMMITTEE

OF THE

COMMITTEE ON

GOVERNMENT OPERATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

APRIL 22, 1993

Printed for the use of the Committee on Government Operations



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REINVENTING THE U.S. DEPARTMENT OF AGRICULTURE

THURSDAY, APRIL 22, 1993

HOUSE OF REPRESENTATIVES,
INFORMATION, JUSTICE, TRANSPORTATION,
AND AGRICULTURE SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:10 a.m., in room 2247, Rayburn House Office Building, Hon. Gary A. Condit (chairman of the subcommittee) presiding.

Members present: Representatives Gary A. Condit, Karen L. Thurman, Lynn C. Woolsey, Craig Thomas, Ileana Ros-Lehtinen, and Stephen Horn.

Also present: Representative Collin C. Peterson.

Staff present: Edward Armstrong, professional staff member; Aurora Ogg, clerk; and Dan Naatz, minority professional staff, Committee on Government Operations.

OPENING STATEMENT OF CHAIRMAN CONDIT

Mr. CONDIT. Good morning. This hearing of the subcommittee will now come to order.

Today, we will begin a series of hearings on the reorganization of the U.S. Department of Agriculture. Reform in the Department is essential. The Department was created 129 years ago to conduct research and provide information. Its role has expanded greatly and now includes supporting farm income, boosting farm production and exports, and improving nutrition.

Increased responsibilities in nutrition, international trade, and environmental issues have greatly diversified USDA's client base over the years. However, the Department's structure and management practices have remained largely unchanged since the 1930's. USDA has the third largest civilian agency budget in the Federal Government and affects the lives of all Americans as well as millions of people around the world.

It is vital that we take a close look at how the Department of Agriculture will function in the years to come. All government, including the USDA, must bear its share of sacrifice. We have to look at the administration of USDA programs with a view of reducing costs and increasing efficiency. Every dollar, whether spent on programs or administrative costs, must meet a test of cost effectiveness and public need.

This subcommittee looks forward to working closely with the Agriculture Committee and the administration in the future months on reorganization proposals.

Without objection, I have a lengthy statement that I would like to include in the record and also, with unanimous consent, ask that all my colleagues on the committee that want to include statements in the record have the right to do that.

Do I hear any objections to that?

[No response.]

[The opening statement of Mr. Condit follows:]

**Opening Statement
CHAIRMAN GARY A. CONDIT
Information, Justice, Transportation, and Agriculture Subcommittee**

**Public Hearing
"REINVENTING USDA"**

APRIL 22, 1993

Good Morning. Today the Subcommittee on Information, Justice, Transportation and Agriculture will convene a set of hearings on a proposal that is critical to the future of agriculture in the United States. The reorganization of the United States Department of Agriculture is an idea that has been around for decades--but whose time has finally come.

This will not--nor should it be--a simple process. The USDA is not only an agency which administers farm programs. Nearly 30 million Americans turn to it for food assistance through the Food Stamp program. Thousands of others find housing through the Farmers Home low income housing programs.

The business community also benefits from the USDA. Services ranging from export assistance provided by the Foreign Agriculture Service to loan guarantees offered by the Business and Industry Program are valuable tools for helping the U.S. economy.

The USDA is also a leader in education and research. Its role in administering the Land Grant College system and its research have helped make the U.S. agriculture community the world's most productive. Unlike other types of government-sponsored research, this material is disseminated directly to the people through the efforts of the Extension Service.

I have already covered a vast number of missions--and I haven't even started to talk about food inspection, environmental protection and nutritional information.

Because of the incredible diversity of this agency I cannot help but to get annoyed when I hear statements like "the USDA has more employees than America has farmers." Rarely does the person making that statement point out that about half of these employees are involved with forestry.

Nor do many people realize that more than half of this agency's budget goes for Food Stamps and other food assistance programs. In fact, the farm programs which receive the bulk of the criticism account for only about a third of the entire agency's budget.

Despite its critics, this agency has been around since 1862 and has done a credible job of running more than 200 programs throughout over 40 agencies. These tasks are carried out by some 110,000 employees working for the USDA, various county committees and Land Grant Colleges.

-more-

I don't want to give the impression that everything is golden at USDA and reforms are not needed. You need only to look at the reports this Subcommittee has filed over the past few years to prove that it is time for an overhaul at USDA.

It is my profound hope that through the reorganization process we give the USDA the tools it needs to succeed well into the next century. There are at least four solid proposals for reorganization which have been suggested. We will start talking the pros and cons of them today.

I greatly look forward to beginning this process and to working with my colleagues on the Agriculture Committee and the administration in the future.

In order to figure out where we are going it is important to find out where we are. I have therefore asked the General Accounting Office to be the first witness today. The GAO has developed comprehensive testimony which will give us a snapshot of the Department and illustrate why some of the USDA's problems are related to an outdated management structure.

We will also begin an examination of the issue of computer technology in the USDA of the future. While this seems a mundane issue, I can assure you that the proposed Farmer Services Administration may well succeed or fail on its ability to combine the information resources of the farm program agencies. In the past, this Subcommittee has worked with the GAO to examine the development of various USDA computer systems. We have reported on some horrendous cost over-runs and otherwise flawed and failed systems. The development of those systems is nothing compared to the task that lies ahead. I look forward to a spirited discussion of this issue today.

Our next panel will feature five witnesses representing various groups of USDA clients. I greatly appreciate the presence of Dr. Zerle Carpenter, Mr. Tim Sullivan, Mr. Leland Swenson, Mr. James Lockett and Mr. Gerald Vap. Your input will be invaluable to the Subcommittee as we continue our work.

That concludes my opening remarks, I would ask unanimous consent that my full statement be made a part of the permanent record. I would also like to submit for the record the statement of Mr. Pat Roberts, the Ranking Minority Member of the House Agriculture Committee. Mr. Roberts was unable to attend today but asked that his statement be included.

I now turn to my friend--the Subcommittee's Ranking Minority Member--Craig Thomas for any opening statement he may wish to deliver. Mr. Thomas and his staff have been very helpful in preparing today's hearing and I appreciate it greatly.

Mr. CONDIT. I will also allow the witnesses, if there is no objection, to submit any statements, in addition to their statements today, in the record. We will have 14 days to do that.

I will now turn to the ranking minority member, Mr. Thomas, and ask if he has any opening statements that he would like to make.

Mr. THOMAS. Thank you, Mr. Chairman. I will be brief.

First let me submit a statement from Mr. Pat Roberts, who is the ranking Republican in the Agriculture Committee, for the record.

Mr. CONDIT. Thank you. I was supposed to do that. I appreciate that.

[The prepared statement of Mr. Roberts follows:]

Statement of Congressman Pat Roberts
Submitted For The Record
to the Committee on Government Operations
Subcommittee on Government Information, Justice, and Agriculture

U.S. Department of Agriculture Reorganization
April 22, 1993

Mr. Chairman. I want to thank you for scheduling this hearing on the reorganization of the United States Department of Agriculture. It was last year when Charlie Stenholm and I, along with Deputy Secretary Ann Veneman, went around the country listening to producers and USDA employees on how the Department could be streamlined. We were in Kansas, Texas, California, New York, South Carolina, and Illinois.

I would like to submit for the official record a report prepared as a result of those efforts. In addition, I would like to submit for the official committee record, a little document I have put together, that I entitled "Setting the Record Straight". Last year I was dismayed over some of the media stories and misinformation that were floated on this issue. I have tried to pull together some of the facts on the size of the USDA and would appreciate it being entered into the record.

First, those of us in agriculture owe our former colleague and former Secretary Ed Madigan a heartfelt thanks. In spite of counsel from many who said it was political suicide and politically incorrect in farm country to wrestle with the structure of the USDA bureaucracy, he forged ahead with a plan to streamline the Department and the day before he walked out of the Secretary's office (affectionately called the cage), he proposed a comprehensive plan to make the Department more responsive to the farmer and taxpayer.

Never mind that his plan for field reorganization drew howls of criticism from the very people who were calling for reform and restructuring. I might add his plan pretty much followed the advice and suggestions of USDA employees and farmers and ranchers obtained in field hearings in the six states I mentioned earlier. Those hearings were held by Mr. Stenholm of Texas, Deputy Secretary Anne Veneman and myself. The folks in the field and the farmers in the trenches told us to keep the program delivery local, flexible, consistent and predictable and emphasized in short, jerky sentences it would really help if we could make some progress on mandates, red tape, regulations etc.

Let me emphasize that the answers to those pleas not only will come in the reorganization of the Department but also with greater awareness, responsibility and oversight on the part of the Congress. Ten years ago the Farm Bill was 29 pages long, the last one was 719 pages in length with thousands of pages of report language!

Let me emphasize the details, within reason, are not as important as the policy implications of some of the agency reshuffling. For instance, Secretary Espy may divide the domestic commodity programs and the international commodity programs and put them

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under different secretaries. This may work, but the amount of commodities available for export is directly related to the domestic farm programs vis a vis acreage controls and land in production. There had better be close coordination or farmers (with wildly fluctuating commodity prices) and taxpayers (with huge deficiency payment outlays) will pay the price.

The Clinton budget proposal would put all of USDA's farmer-oriented agencies under a Farm Service Agency. This again may work but my office has already been lobbied by various constituencies of these agencies who feel threatened. The key will be a cost-benefit evaluation that hopefully saves money but also preserves service to farmers and ranchers.

The next year could be crucial for farmers and agribusiness. We are truly at a crossroads. I have little doubt the USDA can be reorganized to accomplish its mission with fewer resources--fewer field offices, less paperwork and fewer people in Washington and in the field.

That is one road -- a more efficient, streamlined USDA that serves farmers and the taxpayers and enhances the world's most efficient producers of food and fiber.

It is that other road that troubles me and should trouble this committee. Production agriculture is the victim of its own success. In truth, we've never had it so good. We spend less than 15 percent of our disposable income for food and it's the best quality and safest in history.

Unfortunately, we do have the doom-and-gloomers who would have the American public believe that our food supply is unsafe and our producers are poisoning the earth for profit. The same bunch says the USDA is the proverbial "fox guarding the chicken coop". And, these same folks -- self-declared scientists and experts all -- believe that some other agency or department should be put in charge of conservation compliance, food safety and inspection, grain inspection and water quality issues.

The danger of pulling the reorganization string too far is that on the other end is a well orchestrated agenda that dismantles the USDA and places key issues outside the jurisdiction of the Agriculture Committees and Members of Congress who represent rural areas. It is one thing to fight in behalf of our producers and lose--it is another to not even come to bat.

--Will we see the Soil Conservation Service within the EPA with erosion and pollution progress measured not on a partnership basis with the farmer but on the amount of fines levied by some conservation cop?

-- Will we see the Food Safety Inspection Service along with the Federal Grain Inspection Service moved to the Food and Drug Administration?

--If the Foreign Agricultural Service survives the Clinton budget broadside, will we

see the FAS over at the Department of Commerce?

--Will the Forest Service be moved to the Department of Interior?

I think you get my drift. A reorganization plan that spins off agencies to other Departments could leave us with the USDA restructured out of existence. Not to worry? Well, each one of the questions I just posed has been answered in the affirmative by various environmental organizations in recommendations already made to the Department. I urge you to actively oppose these efforts which would, in fact, hamstring the Department's role as production agriculture's spokesman.

As the Congress moves forward to consider the various plans for reorganizing USDA we need to keep in mind, the fundamental question of what the USDA will look like in the next century? No one can say with certainty, but I can say the next four years will be the defining period. Why now rather than in previous years? In past years, many Secretaries of Agriculture and others have wanted to change the Department but have been thwarted by congressional committees -- primarily the Appropriations Committee.

This year, the Appropriations Subcommittee leadership is not only in sympathy with change but will help lead the charge. And, you can be sure the White House and OMB are on the same trail. For the sake of production agriculture, let us hope we don't end up in the ditch.

After all, if a restructured USDA does not represent the farmer and is not his advocate, then who will be? This committee working with the Committee on Agriculture must make sure that the Department stays an advocate for the farmer and production agriculture.

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(Note: Enclosures contained in Subcommittee files)

Mr. THOMAS. I think it's useful to have this hearing, and I appreciate your doing this. It may be a bit early, in terms of not knowing what the Department will recommend; nevertheless, I think it's useful to talk about it.

There ought to be, it seems to me, a rather common goal for all of us, and that should be to move toward a more efficient delivery system, delivering the services in the way that is most efficient and most cost effective.

I hope also, not only in this instance, but in the instance of government generally, that we can move toward measuring efficiency on the output end rather than the input end. Traditionally, I think we've sort of measured the value of programs by how much money went into it and not what the effectiveness of the output has been.

USDA is clearly a problematic agency, a very large agency, with a variety of programs to administer, and I understand the difficulty of that. Rightly or wrongly, there have been discussions about the fact that, in some instances, it has cost more to deliver the services than the services in fact were worth, in particular counties, especially. I don't know if that's true. I certainly hope that it isn't.

There have been calls for reforms. There are some 40 agencies within this Department, and I'm not sure that's necessary. I think just changing the number of offices that might appear in various counties falls short of reorganization, and indeed we need to deal with functions rather than simply the number of offices that exist there.

Also, of course, there will always be difficulty in measuring the areas, miles, distances, convenience, those all differ, whether you're in Vermont or whether you're in Wyoming. That's a mighty difficult one.

Probably, the most difficult issue, Mr. Chairman, is the fact that there's a natural sort of protection of territories here that takes place, not only within the agency, but by the constituents of the various groups. Most associations feel their particular program doesn't need to be changed, but the rest of them do, of course. That's mighty difficult for all of us.

So I appreciate your calling this hearing. I look forward to the comments.

[The prepared statement of Mr. Thomas follows:]

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OPENING STATEMENT
CONGRESSMAN CRAIG THOMAS (R-WY)

**SUBCOMMITTEE ON INFORMATION, JUSTICE, AGRICULTURE,
AND TRANSPORTATION OF THE HOUSE GOVERNMENT
OPERATIONS COMMITTEE**

April 22, 1993

Thank you Mr. Chairman for holding this hearing concerning reorganization efforts at the United States Department of Agriculture. I look forward to hearing the testimony of the witnesses.

The USDA is an enormous agency charged with a wide variety of programs and responsibilities. Through the years, the organization has been mandated to continually expand its jurisdiction and administer more personnel and programs. This has resulted in a department which is immense and virtually impossible to manage.

Recently, there have been numerous calls to reform the USDA. I strongly support reform efforts and hope that some substantive changes will result from these endeavors. I am especially interested in proposals to alter the agency's organizational structure and streamline the massive bureaucracy currently in place at USDA. Although we certainly cannot ignore the field structure of the department, the major emphasis regarding restructuring should focus on altering the basic design of the organization. Savings can certainly be found in closing or consolidating field offices, but no permanent changes in the agency's operations will take place until we reform the basic structure of the department.

I also hope Secretary Espy and the other USDA officials working on the reorganization initiative will use criteria that account for geographical differences when they consider closing field offices. States in the Rocky Mountain West, such as my home state of Wyoming, are quite different than regions in the Midwest. I hope issues such as mileage and distance travelled are considered when the final plan is devised.

Thank you again Mr. Chairman for holding these hearings today. I am sorry the USDA will not be here to testify, but I look forward to listening to our various witnesses.

Mr. CONDIT. Thank you, Mr. Thomas.

We are also privileged to have Mr. Peterson here today, who is a member of the full committee as well as the Agriculture Committee.

Mr. Peterson, do you have any statements to make?

Mr. PETERSON. No. I just want to thank you for letting me participate, and I'm glad to be here.

Mr. CONDIT. We would always encourage you to participate.

Mr. Horn, do you have an opening statement you would like to make?

Mr. HORN. Just one brief comment, Mr. Chairman: Besides, obviously, the impact of service on the constituency to be served, what I'm interested in would be the ideas to deal with the central headquarters, cutting the layers of bureaucracy. Every successful corporation and university over the last 10 years faced up to that issue. You clear up the lines of decisionmaking so there can be responsiveness to the constituency.

Mr. CONDIT. Thank you, Mr. Horn.

Mrs. Thurman.

Mrs. THURMAN. Mr. Chairman, basically, from the standpoint of what I've already heard, and that is the constituency that many of us have to represent and the concerns that we've had over reorganization.

But I would like to say that I'm pleased to hear the Secretary talk about reform in Washington before we look at the district offices. I think that is an important signal that we send to this country, that we're willing to do something at home first and then help reorganize up here to be better prepared to give good information to those people in our districts.

Mr. CONDIT. Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. No, thank you.

Mr. CONDIT. OK. We will proceed, and we're going to swear in the witnesses before we start the testimony.

Do you mind doing that? Please stand.

[Witnesses sworn.]

Mr. CONDIT. Thank you very much.

We have Mr. Robert Robinson, who is the Associate Director of Food and Agriculture Issues, Resources, Community, and Economic Development Division of the General Accounting Office.

Today you have two people with you to assist you, and I will let you introduce them. You can make your opening statement and introduce them. And if they have any comments, they are welcome to give them as well.

STATEMENT OF ROBERT A. ROBINSON, ASSOCIATE DIRECTOR, FOOD AND AGRICULTURE ISSUES, RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY JAY ETTA HECKER, DIRECTOR, INFORMATION MANAGEMENT ISSUES, AND ANDREW FINKEL

Mr. ROBINSON. Thank you, Mr. Chairman.

Before I get started, to my left is Jay Etta Hecker, and she is responsible for GAO's work on information management issues in a variety of departments, including the Department of Agriculture.

And to my right is Andy Finkel, who has served for a number of years on our general management reviews of USDA, on which much of our statement today is based.

As you mentioned, we have a rather lengthy statement to submit for the record. In the interest of time I want to take a couple of minutes and, with the aid of a few graphics handled by Gene Wichmann of our staff, try to hit the highlights of our testimony.

In our view, the USDA of 1993 is ill-equipped to successfully face the challenges and demands of the remaining years of this decade and into the next century. It suffers from an unwieldy agglomeration of programs and structures that need to be revitalized on a very fundamental level.

To achieve this revitalization, we think the Congress and the administration will, first and foremost, have to reach consensus on the Department's mission. Then, with this mission in hand, the Department structures and basic management systems will need to be overhauled in a manner consistent with achieving that mission.

In discussing the need for change at USDA, it would be a mistake not to acknowledge the Department's important achievements during its 130-year history. USDA has accomplished much in its time, as the Nation's abundant supply of food and fiber at reasonable prices eloquently testifies. But the world in which USDA operates has changed dramatically over the years, and the USDA has not changed with it.

[The chart may be found in Mr. Robinson's prepared statement.]

Mr. ROBINSON. We would like to use a couple of poster boards to illustrate the scope of these changes, first, in the agricultural sector, then in the scope of activities that USDA has been asked to perform, and finally in the fundamental shift in budgetary priorities that have been attached to these activities.

The structure of USDA is a product of previous decades when the agricultural sector was characterized by small, family owned farms, lacking communication and transportation systems to easily link them to USDA offices. Over the years, as this first board shows, the farm population has declined sharply. The percentage of population living on farms has dropped from nearly 50 percent, when USDA was created, to about 2 percent today.

[The chart may be found in Mr. Robinson's prepared statement.]

Mr. ROBINSON. Also, unlike decades ago, the domestic agriculture industry is now dominated by a relatively few large operations and agribusiness firms that compete in a consumer-driven world economy in which U.S. agriculture is no longer as dominant. So not only does USDA have far fewer and more sophisticated farm clients to serve, telephones, computers, and highways have also greatly increased farmers' access to information and the assistance programs provided by the USDA.

The scope of USDA responsibilities has also changed significantly. When President Lincoln signed the legislation creating USDA in 1862, the Department's mission was to improve agricultural productivity by conducting scientific research and providing farmers with the technology in the form of new seed varieties and information on farming practices.

In the ensuing years, USDA has taken on a broad range of new programs and mandates. This board graphically presents the

changes in USDA's mandates over time. While demonstrating, I think, pretty clearly the increased volume of programs for which USDA is responsible, the board does not do justice to the increases in the administrative complexity associated with these new responsibilities. As any reading of the 700-plus-page farm bill will tell you, this complexity is considerable.

[The chart may be found in Mr. Robinson's prepared statement.]

Mr. ROBINSON. Priority shifts in USDA's budget over the last three decades also illustrate the dramatic change in the nature of USDA's activities. As you can see, in the mid-1960's, agricultural programs accounted for over 80 percent of the Department's budget. But, by 1992, agricultural programs had fallen to 30 percent of the total, while food assistance programs had risen from 4 to over 50 percent of the budget.

While most of the Department's budget is devoted to food assistance programs, these programs only employ about 2 percent of the USDA work force. A much larger share of USDA employees are located in the natural resources area, predominantly, of course, in the Forest Service. In short, in USDA we have the odd situation where most of the money goes one place, food assistance; most of the people are in another, natural resources; and the structure is set up to deliver services in a third, which is agriculture.

While the world outside USDA has changed dramatically, at heart the USDA remains an organization tied to its production oriented, commodity-based past. New functions and new organizations have been incrementally laid on the Department, but the underlying culture, organizational structures, and management systems have stayed basically the same.

The problems related to these antiquated structures and systems are manifested in a number of practical ways. First, USDA has had difficulty in dealing with emerging issues that cut across its traditional production-based structure. Now, this board graphically depicts the large number of USDA agencies that need to coordinate their activities on four cross-cutting issues.

[The chart may be found in Mr. Robinson's prepared statement.]

Mr. ROBINSON. Imagine, for a moment, coming to work on a Monday morning, trying to get something done in the biotechnology area, and having to face this dizzying array of organizations and programs. To further bring this problem to light, one senior USDA official explained to us that, in order to meet with officials organizationally located under different Assistant Secretaries, but all working on the same issue, mind you, he actually had to hire an independent consultant to organize the meeting and bring the various parties together.

Beyond its structure-related problems, the USDA of today is also plagued by inadequate management systems, including inadequate systems for managing information resources, financial resources, and human resources. In each of these areas, there has been no orchestrated, departmentwide strategy or approach. Instead, the component agencies have gone their own way and done their own thing to meet their own specific needs.

In so doing, they have lost the opportunity to achieve departmentwide efficiencies. They have duplicated efforts, and they have

developed incompatible computer systems unable to share information across agency lines.

Let me just hit a couple of unsettling pieces of information that I think exemplify the kind of structural and management systems problems we're talking about. In USDA today, there are more than 250 different personnel offices in operation, dealing with 110 pounds of personnel regulations. In another arena, the Farmers Home Administration has spent over \$200 million since 1985 to automate field office operations, yet FmHA's \$57 billion loan portfolio is managed through updating color-coded index cards.

As you can see from this picture, we have a turned-off computer and in front of that the color-coded index cards that are actually managing the system. This picture was taken by our staff about 1 year ago in a Farmers Home Administration county office and was first used at a Senate hearing last spring.

[The photo follows:]



Mr. ROBINSON. Perhaps most troubling of all, in the fall of 1991, Senator Lugar asked the Department for some basic management information. How many people work for USDA? How much are they spending? What are they doing? The Department could not provide accurate information in a timely fashion. Definitional and data differences among the individual agencies' human resources, financial, and information management systems made it difficult for the Department to respond to the Senator's basic management questions.

In fairness, in many respects, the problems we are raising today are not new. We have discussed them in a series of reports included as an appendix to our prepared statement. Recently, a number of efforts to reform certain aspects of USDA's operation have been launched by the Congress and the executive branch. These efforts have been aimed primarily at streamlining and fine-tuning the existing USDA operation.

While laudable and encouraging and worthy of implementation, the reform efforts to date only scratch the surface of the revitalization effort needed to put USDA in a position to be effective into the 21st century. To reach fruition, we believe several basic management issues need to be met and met head on.

First and foremost, USDA's mission needs to be explicitly defined and consensus reached. What precisely do the Congress and the administration want USDA to focus on and accomplish? Only when a consensus is reached on this question can a rational, long-term determination be made on how the Department should be structured and organized.

Then we need to put in place management information systems that can produce reliable information upon which day-to-day management decisions can be made. Relatedly, we believe the Department needs a business plan and a long-range strategic plan for acquiring information technology to help support its mission and management systems needs.

Fourth, as former Secretary Madigan convincingly pointed out, the Congress and the administration need to pay considerable attention to establishing a reasonable span of control for the Secretary in any reorganization effort.

And, finally, we believe that, in accordance with current organizational thinking, USDA managers need to be given the freedom to manage and innovate. Better day-to-day results, in our mind, can be achieved if the Congress sets the policy objectives and allows managers to establish the best ways of achieving them.

Mr. Chairman, the challenges and difficulties that lie ahead are daunting and should not be underestimated. However, the consequences of inaction to the agricultural sector, rural America, and the Nation as a whole give us little choice but to face these issues and move as vigorously as we can to address them.

[The prepared statement of Mr. Robinson follows:]

United States General Accounting Office

GAO

Testimony

Before the Information, Justice, Transportation,
and Agriculture Subcommittee, Committee on
Government Operations, House of Representatives

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REVITALIZING USDA

A Challenge for the 21st Century

Statement of Robert A. Robinson,
Associate Director, Food and Agriculture Issues,
Resources, Community, and Economic
Development Division



Mr. Chairman and Members of the Subcommittee:

We are pleased to participate in this hearing on the management and structure of the U.S. Department of Agriculture (USDA). Our testimony today is based on our general management review of the Department and the events that have occurred since we issued our reports. Unlike traditional audits and evaluations of individual programs, management reviews examine the overall effectiveness of the management processes and systems of departments and agencies. Between October 1989 and September 1991, we issued a series of reports on various management issues at USDA and recommended ways to improve the Department's organizational structure, management systems, and planning mechanisms.¹

Our testimony today will focus on

- USDA's need to overcome problems in organizational structure and management systems,
- recent efforts to streamline USDA, and
- issues to consider in revitalizing USDA.

¹App. I contains a list of GAO's general management review reports and other GAO management-related reports on USDA.

In summary, USDA today encompasses a much broader range of missions and programs--from food and agriculture to such cross-cutting issues as rural development and biotechnology--than it did in the 1930s, when the present structure was put into place. At that time, agriculture was dominated by small, family-owned farms that sold their products domestically. Today, agriculture is dominated by larger and more sophisticated business operations that compete in a consumer-driven world economy--one in which American agriculture no longer dominates. Recent efforts to streamline USDA should be implemented as an important first step if USDA is to address some of the challenges it faces. However, these efforts do not address fundamental problems facing USDA. To revitalize the Department, and to make it a strong leader into the 21st century, a wholesale restructuring is needed. To achieve this, we believe that the Congress and the Department now need to reexamine USDA's overall mission and to develop an action plan that will reinvent USDA for the 21st century.

Such restructuring is not an easy task. It will take several years to accomplish. This restructuring must overcome long-standing problems in organizational culture and systems. It must also deal with simplifying agricultural programs that have become increasingly difficult to administer. This restructuring cannot be accomplished without determined, creative, and sustained efforts by the leadership in the Congress, USDA, and the Office of Management and Budget (OMB). If done properly, however, restructuring USDA

can once again make the Department the model for other federal departments that it was in the 1930s.

BACKGROUND

With the third largest civilian agency budget in the federal government, USDA affects the lives of all Americans and millions of people around the world. USDA oversees a food and agriculture sector of major importance to the nation's economy, accounting for 17 percent of the gross national product, 20 million jobs, and 10 percent of export dollars. To carry out its missions in 1992, USDA reported that it spent about \$60 billion. USDA controlled assets of about \$140 billion and employed or paid the salaries of about 124,000 full-time staff in about 15,000 locations worldwide.

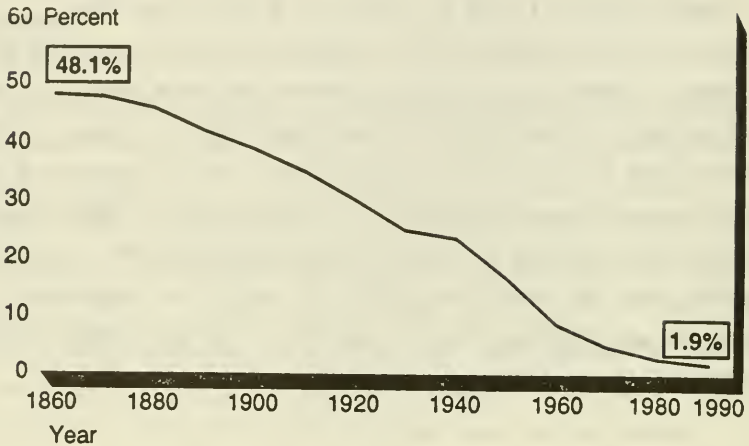
USDA administers its programs and services through one of the federal government's largest and most complex organizational structures. Former Secretary Madigan described it as a confederation with nine subcabinet offices; 42 constituent agencies, of which 26 are operating agencies; and 250 separate programs. USDA's agencies vary in size from less than 10 employees in the Office of Energy to 48,000 full- and part-time employees in the Forest Service.

USDA's Operating Environment Has Fundamentally Changed Since the 1930s

USDA's Operating Environment Has
Fundamentally Changed Since the 1930s

The structure of USDA is a product of the 1930s, when communication and transportation systems were greatly limited by geography. Since then, as figure 1 shows, the farm population has declined sharply; only one in 50 Americans lived on a farm in 1990, compared with 1 in 4 in 1935. Furthermore, only 16 percent of the nation's counties were designated as farm counties in 1986, down substantially from the 63 percent so designated in 1950. Not only does USDA have far fewer farm clients to serve, but telephones, computers, and highways have also greatly increased farmers' access to information and assistance programs.

Figure 1: Changes in Farm Population



Source: Economic Research Service, USDA.

Agricultural export markets, key to rural America's vitality, are increasingly competitive. The United States is no longer assured of a dominant position in global agricultural markets. For example, 27 countries exported grain in 1991, compared with only 4 --the United States, Canada, Australia, and New Zealand--in the early 1970s. During the 1980s alone, the U.S. share of global exports fell from 24 to 19 percent. This new competition has

weakened the comparative advantage that allowed U.S. farms to prosper through the 1970s.

While the world outside USDA has changed dramatically, USDA's basic structure has changed little since the 1930s. The basic farm service agencies operate in 1993 in much the same decentralized fashion as they did decades earlier.² Operating this decentralized field network is costly. In fiscal year 1989, the four farm service agencies alone spent about \$2.4 billion, with over 43,000 employees to administer their programs in over 11,000 county offices.

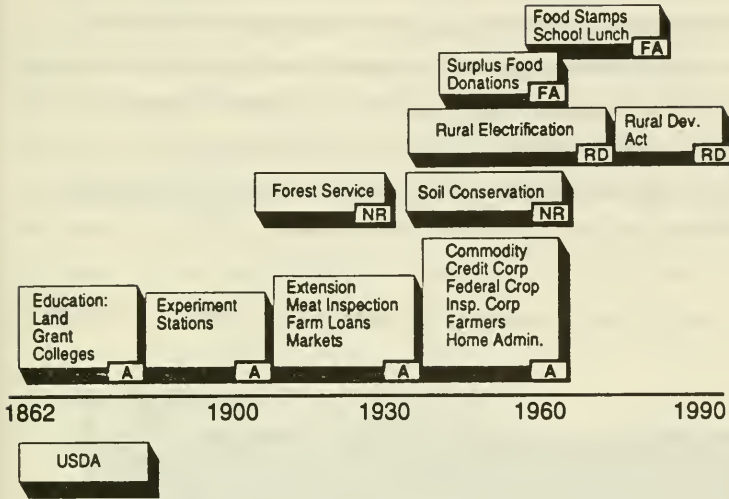
Current Programs and Activities Range

Far Beyond USDA's Original Mission

When President Lincoln signed the legislation creating USDA in 1862, the Department's mission was to improve agricultural productivity by conducting scientific research and providing farmers with technology in the form of new seed varieties and information on farming practices. In the ensuing years, USDA has taken on a broad range of new programs and missions. (Fig. 2 presents the changes in USDA's mandates over time.) Public land management and forestry came with the transfer of the Forest Service to USDA in 1905; responsibility for the stabilization of

² These agencies are the Agricultural Stabilization and Conservation Service, Soil Conservation Service, Farmers Home Administration, and Federal Crop Insurance Corporation.

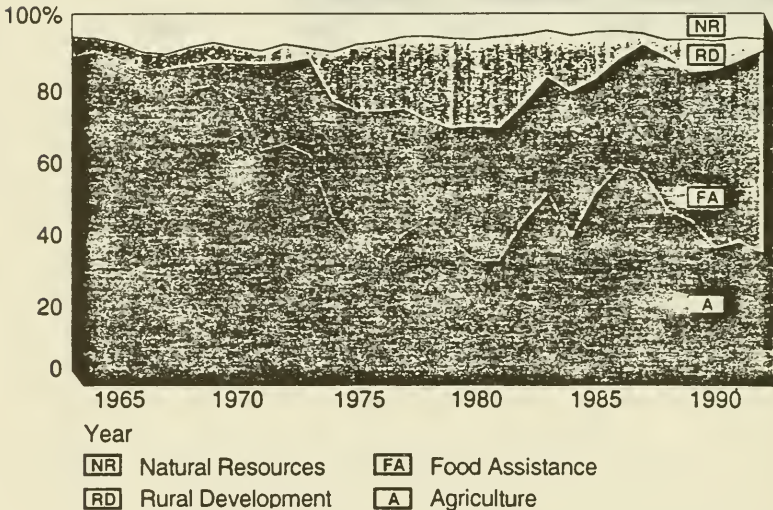
farm incomes and rural development were added to the Department during the New Deal. International food assistance and foreign market development programs appeared in the 1950s, and large-scale domestic food assistance, principally in the form of the Food Stamp Program, became part of USDA's mission in the 1960s. Today, only a small proportion of USDA's budget and staff are devoted to the original mission.

Figure 2: Chronology of Major Events

Source: U.S. Department of Agriculture.

As shown in figure 3, trends in USDA's budget over the last 3 decades illustrate the dramatic change in USDA's activities. In 1963 agricultural programs accounted for over 80 percent of the Department's budget. By 1992 agricultural programs had fallen to 30 percent, while food assistance programs had risen from 4 to over 50 percent of the budget. About one-half of USDA's employees work in the natural resources area. In short, the title "U.S. Department of Agriculture" no longer reflects the full range of activities carried out by the Department today.

Figure 3: Outlay Percentages by Major Activity



Source: Office of Management and Budget.

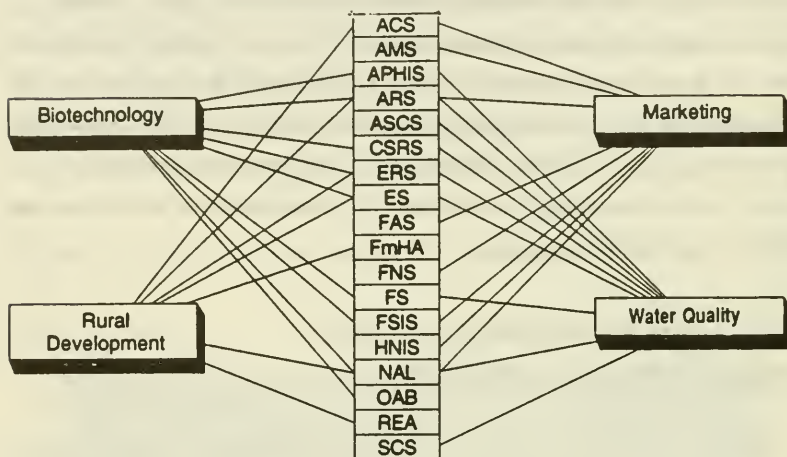
USDA NEEDS TO OVERCOME ORGANIZATIONAL STRUCTURE
AND MANAGEMENT SYSTEM PROBLEMS

The USDA of the Great Depression, primarily structured to serve the large number of small, widely disbursed, family-owned farms, accomplished great things in its time. It helped assure the nation of an abundant supply of food and fiber. But our series of studies on the general management of USDA shows that the Department is poorly equipped to deal with today's increasingly complex issues. It is hamstrung by problems of inappropriate structure and inadequate management systems.

Emerging Issues Not Efficiently Addressed
in Current Organizational Structure

USDA has had difficulty in dealing with issues that cut across its traditional production-based organizational structure. Figure 4 depicts the large number of USDA agencies that need to coordinate their activities on four cross-cutting issues.

Figure 4: Coordination Needed on Four Emerging Issues



For example, during our management review we found that nine USDA agencies and offices have responsibilities for biotechnology issues. Biotechnology allows scientists to transfer genes between organisms to improve plants, animals, and their environment. Biotechnology has the potential to revolutionize the food and fiber production process and to contribute to a better balancing among production, environment, and human health. Responsibilities for agricultural biotechnology cut across many USDA programs. Numerous conflicts among individual agencies have blocked development of a single strategy in this important area.

Our management review found that a similar condition exists in the environmental area. Agricultural irrigation alone uses almost 70 percent of the nation's consumed groundwater. Ten USDA agencies have some authority in water quality matters. The result is that at USDA water quality and other environmental issues tend to fall through the cracks. USDA struggles to develop comprehensive, timely, and effective strategies and coordinating mechanisms in these and other cross-cutting areas, largely because of the difficulty of exerting leadership and improving communications in so large and diverse an organization.

USDA has not developed an approach for managing the many emerging issues that cut across traditional structural lines. Rather than develop departmentwide strategies, management generally relies on ad hoc groups or individual agencies to develop policies

and plans. Such uncoordinated agency efforts fail to achieve integrated, departmentwide perspectives. Consequently, USDA is not effectively addressing today's complex, changing, and globally interdependent issues.

USDA Operates Without Sound Management Systems

Major USDA agencies have historically established their own information, financial, and human resources management systems to meet individual agency needs. This has occurred because individual agencies focused their efforts on developing systems to meet their own specific legislative mandates. However, these multiple agency efforts failed to achieve departmentwide efficiencies. Moreover, USDA management has not been able to break through the individual, agency-focused culture. From a management standpoint, we see today's Department as data-rich but information-poor. The Secretary's office does not have the management information it needs to make informed decisions.

USDA has substantially increased its use of information technology. But most of the information system expenditures to date have been for automating the systems associated with providing program benefits. However, these systems are not providing managers with the data they need to manage and make decisions, nor is the information produced in a form that can easily be shared with other agencies. Acknowledging this problem, departmental

officials have initiated a new strategic planning process to address USDA's information needs.

Similarly, USDA's financial management systems suffer from significant weaknesses in internal and accounting controls--from the Food and Nutrition Service's not ensuring that food stamp payment are proper and correct to the Farmers Home Administration's not maintaining accurate and complete accounting and financial information on acquired property. These weaknesses, which are often long-standing, substantially increase the risk of mismanagement, fraud, waste, and abuse in USDA programs.

Finally, because most human resource functions at USDA reside with individual agencies, the Office of Personnel's role is limited to monitoring and setting guidelines for human resource functions USDA-wide. As of March 1993, there were 258 personnel offices throughout USDA; 240 in the field, 17 in headquarters, and an overall USDA office. As a result, independent agencies have recruiting and training efforts that are duplicative at times, competitive at others. Moreover, individual agencies' personnel forms and regulations add to an already overly complex federal personnel system. According to USDA's Director of Personnel, USDA must deal with 110 pounds of personnel regulations.

Conditions in Farm Service Agencies
Exemplify Structural and Systems Problems

Nowhere is the struggle to get a handle on the structural and management system problems more apparent than in USDA's farm service agencies' field offices. Multiple agencies operate independent field offices all over the country, often right next door to each other. Individual agencies, not the Department, are represented at the field level.

In the fall of 1991, the Ranking Minority Member of the Senate Agriculture Committee asked three simple questions:

- where are the staff under the current headquarters and field structure?
- how much of the taxpayers dollars are they spending?
- what work are they doing?

The USDA response is indicative of the broad ramifications of the Department's system and structural problems. The Department could not produce accurate information in a timely fashion. On the issue of how many people worked for the Department, for example, USDA said it could not come up with an accurate number. Definitional and data differences among the individual agencies' human

resources, financial, and information management systems make it difficult for the Department to respond to the Senator's basic management questions.

Weaknesses in information systems have also proven to be important obstacles to any reform of the farm service agencies. These weaknesses are demonstrated by the farm service agencies' different and incompatible hardware, software, telecommunications, and data bases. Therefore, to successfully operate as a single farm service agency, as proposed in USDA's fiscal year 1994 budget, USDA needs to develop a plan to make a transition from its current multiple computer systems to one that will support the work of the consolidated farm service agencies, both at headquarters and in the field. A new system will enable employees to efficiently and effectively access the information required to serve customers' needs.

In the past, the farm service agencies seldom took into account the need to exchange information with each other when they acquired information technology and developed information systems. Instead, these agencies independently acquired computer equipment and information systems that were incompatible with each other. As a result, the farm service agencies could not easily share information. This often translated into increased time and paperwork burdens for office staff, increased risk of financial errors, and undue hardship on agency customers. In such an

environment, the needed information was exchanged principally by mailing or carrying documents from one agency's office to the next. At best, USDA was spending more than it needed to; at worst, its clients were not being well served. (See app. II for information on recent initiatives to streamline information management.)

RECENT EFFORTS TOWARDS STREAMLINING USDA

Since our management review reports were issued, a number of efforts to reform certain aspects of USDA's operations have been launched by the Congress and the executive branch. The Senate Committee on Agriculture took the lead in calling for a streamlined USDA. In a February 1992 floor speech, the Committee's Ranking Minority Member called for a thorough review of USDA and for a plan to make the Department a "leaner, healthier size." In April and June 1992, the Chairman led hearings that focused on USDA's field office structure and on computer operations. He introduced legislation in May 1992 to form a bipartisan commission to decide which field offices to close and to make recommendations to improve USDA field and headquarters operations. The Chairman also delivered a September 1992 floor speech that proposed his vision for the future Department of Agriculture.

On the House side, this Subcommittee held an oversight hearing on the status of USDA's Food and Agriculture Councils in February 1990. Representative Glickman introduced bills in April 1992 and

March 1993 to form a single farm agency, streamline headquarters, and reduce paperwork. The full House Committee on Agriculture held a related hearing in June 1992. The House Committee on Agriculture's Subcommittee on Wheat, Soybeans, and Feed Grains, held a followup hearing in July 1992, and the Committee's Subcommittee on Department Operations and Nutrition held the most recent hearing on the subject in March 1993.

Field office reform became a central theme of the streamlining effort. Nearly 90 percent of all USDA employees work in locations outside Washington, D.C. The effort, in part, was fueled by our January 1991 report that highlighted 53 USDA Agricultural Stabilization and Conservation Service (ASCS) high-cost county offices. In fiscal year 1989, these offices spent more on overhead costs than they paid out to clients in program benefits.³

Former Secretary Madigan joined with OMB to further study the issue of consolidating USDA field offices. This decision was consistent with our report that highlighted high-cost ASCS county offices as one indicator of a possible problem in one agency. We called for USDA to develop additional criteria, such as work load data, farm trends, and county size in order to see if a larger problem, worthy of management attention, existed.

³ASCS administers commodity and related land use programs that provide for commodity loans and price support payments to farmers; commodity purchases from farmers and processors; acreage reduction; cropland set-aside and other means of production adjustment; conservation cost-sharing; and emergency assistance.

The USDA/OMB farm services agency team developed six criteria--program delivery costs, number of producers served, complexity of work, geographical service area, co-location status, and work load intensity--for each of the 14,307 local offices that deal directly with farmers and ranchers. Applying these criteria, Secretary Madigan recommended that 1,191 local offices be closed. He also recommended changes in the Department's headquarters structure, particularly reducing the number of operating agencies from 26 to 13 and the number of staff that report directly to the Secretary from 14 to 4. In his final press conference, Secretary Madigan compared the current system to 26 lanes of traffic merging into 1 at rush hour. He characterized the honking and jostling for position as wasted effort that results in policy gridlock.

Secretary Madigan also set up USDA/OMB teams to study the Department's farm service agencies' computer systems, the Forest Service, and the 11 other USDA agencies with a significant field office presence. Measurement criteria similar to that developed for the farm services agencies were developed for the 11 other USDA agencies and for the three major levels of Forest Service field structure.

Secretary Espy has continued the process for closing farm agency offices by requesting that individual states develop office-closing implementation plans by April 19, 1993. He also announced plans to consolidate three farm service agencies into a single

agency. Secretary Espy has also vowed to present a plan to reform USDA headquarters. On February 11, 1993, he announced an initial step--consolidating the Department's public affairs functions, which are currently spread out in individual agencies, into a centralized Department-level Office of Communications.

REVITALIZING USDA: WHAT NEEDS TO BE DONE

The recent progress toward streamlining the USDA field structure is encouraging, but it only scratches the surface of the overall revitalization issue. A fundamental review of USDA's mission and a corresponding restructuring is now needed. Once developed, the mission statement must be continually reassessed and updated to address changing conditions.

In the days of personal computers, fax machines, and 700-plus-page farm bills, USDA needs to be fundamentally restructured, reinvented if you will, in the context of the newer management concepts that guide private sector corporations, state governments, and governments in other countries. The new management concepts emphasize flexibility, flattened hierarchies and a customer focus, and encourage competition and the achievement of results. In brief, the new management concepts call for rethinking the basic principles of the role of government. Streamlining constitutes only one part--albeit an important part--of the revitalization process.

As part of revitalization, the Congress and the administration need to address, among others, the following four issues: a consensus on USDA's mission; basic management information needs; the need for strategic information plans; and a manageable span of control.

A Consensus Needed on Mission

Closing offices and shifting boxes on a organization chart mean very little without a vision of the Department's mission. The Congress and the administration need to develop a consensus on USDA's mission. In the 19th century, USDA's mission was very clear: agricultural research and education. Today, the mission has been expanded far beyond agriculture to include rural development, food assistance, human nutrition, renewable industrial inputs, environment, forestry, food safety, agribusiness, and world trade.

The process of defining a mission needs to include examining USDA activities vis-a-vis those of other federal agencies and needs to precede major restructuring decisions. For example, a principal function of the Forest Service--federal land management--is closely related to the federal land management functions of the Department of the Interior. Similarly, the food stamp and food assistance programs are, or should be, closely linked to the income maintenance functions of the Department of Health and Human

Services. Further, in the areas of rural development and food safety, key program responsibilities reside among a number of other departments and agencies.

Effective Management Information Systems Needed

As we emphasized in our discussion of management systems, restructuring will not be successful without accurate and timely management information. The Secretary and the Congress need information on what is happening in the USDA agencies. They also need accurate and timely information on changing conditions in the food/agriculture sector. Earlier I noted how the Senate Committee on Agriculture could not obtain basic management information from USDA on the size, cost, and role of farm agency field offices in a timely manner. When this Subcommittee asked GAO last year to identify the revenues that USDA collects for the products and services it provides, your professional staff was concerned when we reported that such information was not available from the Secretary's office. We had to visit each USDA agency to obtain the needed data, and used these data to develop the compendium ourselves. You also recently requested that we provide USDA-wide information on the Department's employees in more detail than previously--who they are, what they do, and so forth. As indicated in your request letter, such information is necessary to make sound decisions regarding the downsizing and reorganization of USDA.

Strategic Plan for Acquiring Information Technology Needed

The current discussion about reinventing USDA also gives the Department an opportunity to take a fresh look at how it uses and manages information technology. Private sector firms regularly develop business plans and long-range technology plans to help meet their companies' missions. Once USDA's mission is established, such information technology planning can become the lever to move USDA to the next level of restructuring. If applied at USDA, such a strategic approach can assist the Department in better achieving its missions and serving its clients.

Span of Control Must Be Manageable

Revitalization also requires considerable attention to such basic management issues as span of control. Former Secretary Madigan discussed with us the importance of establishing a reasonable span of control for the Secretary of Agriculture. He noted that with the broad range of responsibilities the Secretary must undertake, he could only effectively manage a limited number of senior agency officials. This concern was reflected in his suggested reorganization of USDA's headquarters in January 1993. Essentially, this reorganization called for four Under Secretaries and no Assistant Secretaries. In contrast, the organizational structure Secretary of Agriculture Espy inherited has two Under Secretaries and seven Assistant Secretaries.

Conceptually, the number of units reporting to the Secretary can be greater if effective management systems are in place to keep all informed. At present, however, we do not believe such systems have been developed to handle a large span of control.

CONCLUSIONS

In conclusion, some of the efforts to streamline the Department should be implemented quickly: They would significantly improve operations and save critical resources. But these efforts do not address the basic need to revitalize USDA so that it can be effective into the 21st century. These efforts only tinker around the edges of the Department's current organizational structure, which is based on a 1930s agrarian economy. Since agriculture is now a global enterprise, USDA must undergo a more fundamental change. For this task, the Congress and the administration need to redefine USDA's mission and to restructure the Department to carry it out. As part of this effort, the Congress and the administration need to address the four management issues we identified. Ultimately, we believe that USDA must be flexible in adapting to change and have reduced levels of management that are freer to manage. The Congress needs to be a full partner by helping to simplify agricultural programs that have become increasingly difficult to administer. The challenges and difficulties that lie ahead are daunting and should not be

underestimated. However, because the Department's activities are vital to the rural economy and national well-being, we have little choice but to address these problems as vigorously as possible.

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That concludes my statement. I would be happy to respond to any questions you may have.

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RELATED GAO PRODUCTSMANAGEMENT REVIEWS

U.S. Department of Agriculture: Revitalizing Structure, Systems, and Strategies (GAO/RCED-91-168, Sept. 3, 1991).

U.S. Department of Agriculture: Strengthening Management Systems to Support Departmental Goals (GAO/RCED-91-49, July 31, 1991).

U.S. Department of Agriculture: Improving Management of Cross-Cutting Issues (GAO/RCED-91-41, Mar. 12, 1991).

U.S. Department of Agriculture: Farm Agencies' Field Structure Needs Major Overhaul (GAO/RCED-91-09, Jan. 29, 1991).

U.S. Department of Agriculture: Strategic Marketing Needed to Lead Agribusiness in International Trade (GAO/RCED-91-22, Jan. 22, 1991).

U.S. Department of Agriculture: Need for Improved Workforce Planning (GAO/RCED-90-97, Mar. 6, 1990).

U.S. Department of Agriculture: Status of the Food and Agriculture Councils Needs to Be Elevated (GAO/RCED-90-29, Nov. 20, 1989).

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U.S. Department of Agriculture: Interim Report on Ways to Enhance Management (GAO/RCED-90-19, Oct. 26, 1989).

OTHER USDA ISSUES

Crop Insurance Program: Nationwide Computer Acquisition Is Inappropriate at This Time (GAO/IMTEC-93-20, Mar. 8, 1993).

USDA Research and Extension Agencies: Missions, Structures, and Budgets (GAO/RCED-93-74FS, Feb. 18, 1993).

USDA Revenues: A Descriptive Compendium, (GAO/RCED-93-19FS, Nov. 27, 1992).

Pesticides: Information Systems Improvements Essential for EPA's Reregistration Efforts (GAO/IMTEC-93-5, Nov. 23, 1992).

Sustainable Agriculture: Program Management, Accomplishments, and Opportunities (GAO/RCED-92-233, Sept. 16, 1992).

U.S. Department of Agriculture: Revitalizing and Streamlining the Department (GAO/T-RCED-92-76, June 23, 1992).

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Department of Agriculture: Restructuring Will Impact Farm Service Agencies' Automation Plans and Programs (GAO/T-IMTEC-92-21, June 3, 1992 and GAO/T-IMTEC-92-23, June 23, 1992).

Geographic Information System: Forest Service Has Resolved GAO Concerns About Its Proposed Nationwide System (GAO/T-IMTEC-92-14, Apr. 28, 1992).

Environmental Enforcement: EPA Needs a Better Strategy to Manage Its Cross-Media Information (GAO/IMTEC-92-14, Apr. 2, 1992).

Food Safety: USDA's Data Program Not Supporting Critical Pesticide Decisions (GAO/T-IMTEC-92-9, Mar. 11, 1992).

Food Safety: USDA Data Program Not Supporting Critical Pesticide Decisions (GAO/IMTEC-92-11, Jan. 31, 1992).

Pesticides: EPA's Information Systems Provide Inadequate Support for Reregistration (GAO/T-IMTEC-92-3, Oct. 30, 1991).

Farmers Home Administration: Half-Billion Dollar ADP Modernization Lacks Adequate Planning and Oversight (GAO/T-IMTEC-92-2, Oct. 29, 1991).

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ADP Modernization: Half-Billion Dollar FmHA Effort Lacks Adequate Planning and Oversight (GAO/IMTEC-92-9, Oct. 29, 1991).

Financial Audit: Department of Agriculture's Financial Statements for Fiscal Year 1988 (GAO/AFMD-91-65, Aug. 13, 1991).

Forest Service Is Making Progress in Developing a Nationwide Geographic Information System (GAO/T-IMTEC-91-11, Apr. 24, 1991).

ADP Procurement: Better Capacity Planning Needed at Agriculture's National Finance Center (GAO/IMTEC-91-14, Feb. 13, 1991).

Management Improvements Essential for Key Automated Systems at the Agriculture Stabilization and Conservation Service (GAO/T-IMTEC-90-13, Sept. 18, 1990).

Information Resources: Management Improvements Essential for Key Agriculture Automated Systems (GAO/IMTEC-90-85, Sept. 12, 1990).

Agriculture: USDA Needs to Better Focus Its Water Quality Responsibilities (GAO/RCED-90-162, July 23, 1990).

Agriculture ADP Procurement: Contracting and Market Share Information (GAO/IMTEC-90-62FS, June 27, 1990).

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Geographic Information System: Forest Service Not Ready to Acquire Nationwide System (GAO/IMTEC-90-31, June 21, 1990).

Forest Service Not Ready to Acquire a Nationwide Geographic Information System (GAO/T-IMTEC-90-10, May 2, 1990).

Information Management: Issues Important to Farmers Home Administration Systems Modernization (GAO/IMTEC-89-64, Aug. 21, 1989).

Forest Service: Status of Geographic Information System Acquisition (GAO/IMTEC-89-27, Mar. 6, 1989).

RECENT INITIATIVES TO STREAMLINE USDA INFORMATION MANAGEMENT

In 1985 the Secretary of Agriculture convened a task force on streamlining USDA. Among other things, the task force recommended that, where appropriate, serious attention should be given to methods for sharing information electronically. However, this recommendation went unheeded, and the farm service agencies continued to develop information systems that were not compatible. The task force also recommended that USDA ensure that agencies develop consistent data definitions. Consistent data definitions are a necessary step towards electronic information sharing and integration of data bases because nonstandard definitions make it difficult and time-consuming to combine information from separate data bases. This recommendation also went unheeded. Moreover, in an attempt to remedy the problem with incompatible systems and inconsistent data definitions, the 1990 farm bill requires the Secretary of Agriculture to take appropriate action to integrate the various data bases that relate to agricultural program data. Nevertheless, since the 1990 farm bill, USDA has made little progress in linking systems and integrating data bases.

Recently, the farm service agencies were planning to make significant investments in modernizing their computer systems despite departmental consideration being given to restructuring the

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farm service agencies' organization. However, in June 1992 the Senate Committee on Agriculture, Nutrition, and Forestry, noting that USDA was studying options for restructuring its organization, raised questions about whether USDA's farm service agencies should be making major information technology investments. We also expressed concern that the Department could waste millions on technology that might not meet its current or long-term needs. As a result, the Committee's Chairman and Ranking Minority Member urged USDA to postpone purchases of computer technology beyond that which was necessary to maintain existing systems until the new structure of the Department was defined. In response, USDA agreed and created a consolidated program through which the farm service agencies could procure future computer systems.

USDA, however, allowed the Federal Crop Insurance Corporation (FCIC) to continue with its acquisition project, contending that it was needed to ensure the continued delivery of crop insurance to farmers. On March 8, 1993, we recommended that FCIC cancel its nationwide computer acquisition project. We reported that FCIC had neither performed the analysis needed to justify a nationwide procurement at that time nor determined its immediate information technology needs. USDA and FCIC concurred and canceled their planned modernization project, which had an estimated \$62 million life-cycle price tag.

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USDA has recently completed its first departmental strategic plan to manage information resources and has embarked on several information technology initiatives. As a start at system compatibility, USDA created a consolidated program--known as Info Share--to acquire, implement, and manage computer systems for the farm service agencies. With Info Share, USDA is striving to establish linked, compatible agency systems capable of serving the needs of each farm service agency as well as the Department. To help standardize data definitions, USDA has begun a program to identify, define, and organize data throughout USDA, coordinate data management initiatives, develop data policies and standards, and provide USDA with standardized data that may be shared across USDA agencies and with other federal agencies, where such a need exists.

USDA's current efforts to address long-standing problems with incompatible systems and difficulties in sharing data are a step in the right direction. However, by USDA's own estimate, it will be several years before these initiatives are fully implemented. For example, USDA's time frame for initial implementation of Info Share is June 1995, while the planned completion date of the data management program is September 1997. Moreover, these problems take on added significance in light of USDA's decision to streamline and reorganize its headquarters and field structure. Now that USDA has proposed moving towards a single farm service

APPENDIX II

APPENDIX II

agency, the absence of compatible systems and the inability to share data will be more problematic.

Accordingly, once the decision to reorganize the farm service agencies has been made final, USDA will need to (1) take a fresh look at new ways to use information technology to improve operations and provide better service to the customer and (2) develop a transition plan for moving from separate incompatible systems and data to the type of system that meets the needs of its reorganized farm service structure.

(150809)

GAO Organization of USDA

Undersecretaries

Secretary's Office **A**

Commodity & Intl. **A**

Rural **A** Development **RD**

Assistant Secretaries

Science & Education **A**

Gov'n't & Public **A**

Economics **A**

Marketing **A**

Administration **A**

Food and Consumer **FA**

Natural Resources **NR**

Source: Department of Agriculture

Mr. CONDIT. Thank you, Mr. Robinson. I appreciate your testimony, and I appreciate the graphics that I think get your point across very well.

You mentioned Secretary Madigan, the former Secretary. He put together a task force for cross-cutting issues. Can you address why this group was unable to address GAO's concerns?

Mr. ROBINSON. Well, I guess we ought to not underestimate how difficult trying to pull this myriad of organizations and structures together is. Trying to manage this kind of web is somewhat difficult. I do think some progress has been made. The problems associated with the structure set up for the 1930's missions are being recognized, and some movement is being made.

But, you know, beyond just the cross-cutting organizational issues, we do have conflicts within the programs themselves. The effort that is needed is massive and very fundamental. The creation of a task force is not likely to move us all the way home.

Mr. CONDIT. Do you have an idea what kind of time period, if someone really briskly pursued this, that it would take for us to have a reorganization?

Mr. ROBINSON. I think we're talking in terms of years, frankly. Clearly, I think we're to the point now where some of the obvious wounds, the obvious problems can be addressed through the streamlining efforts that have been proposed. As the statement points out, we really need to go back to the mission and get that firmly established. Setting up structures to pursue missions that may be changed in the next year or two would be wasted effort. We're strongly encouraging that that mission determination be specifically defined.

Mr. CONDIT. How did the mission get changed?

Mr. ROBINSON. Incrementally, over the years, one piece of legislation would add responsibility, and then another one would be added on top of that, and another would be added on top of that. Unfortunately, the underpinning, the structures and the management systems that are necessary to support such widely diverse missions simply aren't there. You end up with this kind of spaghetti chart over here, where many different agencies are trying to do many different things, crossing each other's lines of authority to the detriment of implementation.

Mr. CONDIT. I noted with interest the Vice President's task force plans to issue its recommendations in September. The USDA tells us they plan to have a reorganization proposal in late May or June. Do you think that there is some justification for them to do it together and maybe release it at the same time?

Mr. ROBINSON. I guess having two separate timeframes does seem a little odd on the surface, but the USDA proposal has been promised for some months. Whether they will actually achieve their target I guess is uncertain at this time.

We think it's reasonable to proceed now with some of the streamlining proposals, the obvious problems where—I think Mr. Thomas alluded to—where expenditures for overhead being delivered in certain offices exceed actual services being delivered. And that, in any business, doesn't make much sense. So I think we can move pretty expeditiously on that front and then turn to the more difficult

elbow grease type operation of establishing that mission, turning to structures and systems to meet that mission.

Mr. CONDIT. You mentioned field offices. For some of us who represent agricultural areas, field offices are important. From the outset, the field office survey has been hindered by flawed, nonexistent data. Has the SWAT team research brought us to the point where Congress can make an educated judgment about the future of these field offices?

Mr. ROBINSON. Because the SWAT teams basically used the kind of methodology and the kind of suggestions that we recommended some months ago, we're fairly comfortable with the overall approach and methodology that those SWAT teams used. However, I think they are facing, as you and any reformers will face, the problems of incompatible data systems and incompatible data definitions that really make firm and hard conclusions difficult to reach.

Jay Etta may want to chime in on some of the problems related to the information management systems.

Ms. HECKER. We certainly do believe that the kind of information that ideally would be available is not available. In regard to inter-related missions, we don't have good information on the different business functions that different offices are performing and the way they could really be consolidated and improved. So there's really new information, new analysis, and new thinking, and that's the kind of bold analysis that we are hopeful that the Vice President's strategy group is thinking about.

Mr. CONDIT. Mr. Robinson, I have asked the GAO to conduct an agencywide review of the USDA personnel, and I understand that you're having some difficulties by gaps in the data. Can you share with me today the status of that review and what steps you're taking to put together the necessary information?

Mr. ROBINSON. Absolutely. We have worked pretty long and hard with the National Finance Center to try to arrive at some data tapes and some data files that we can work with. And, methodologically, I think we're pretty far down the road. We're feeling comfortable that we will be able to produce the kind of human resource information that you are asking for.

As a matter of fact, probably within the next week or two, we hope to sit down with your staff to provide at least the first inklings of the information that we've been able to put together.

Mr. CONDIT. Thank you. I'm going to move along. I have some other questions, and if I don't get to all my questions, I will submit those to you in writing. We will try to make another round, but I want to get to the other members.

Mr. Thomas, do you have some questions you would like to ask?

Mr. THOMAS. Thank you, Mr. Chairman.

I'm interested in this mission business. I couldn't agree with you more, but it seems to me that the statutes normally set out, generally, the broad mission, and I guess I'm a little confused as to how a single statement of mission would be particularly useful in this kind of an operation.

Mr. ROBINSON. What we're talking about here is trying to resolve a number of the outstanding questions that are out there. We fear that if the structure precedes conclusion and resolution of those issues, it would involve a lot of wasted effort.

For example, let's walk through some of the cross-cutting issues that span multiple agency lines. The rural development function that the current Secretary has placed a high priority on right now is a hodgepodge of many different agencies, crossing many of the Department's lines. Who's responsible for what? We need to actually reach resolution on——

Mr. THOMAS. You're talking about clarifying, then, the mission of each component. I mean, the overall mission is pretty clear, to strengthen the rural economy, I suppose; right?

Mr. ROBINSON. In a global sense, that's certainly true.

Mr. THOMAS. In a very broad sense, yes.

Mr. ROBINSON. But I guess what we're trying to seek is a translation of that into more practical, day-to-day resolution issues. For example, food safety is another one. FDA has certain functions. FSIS has certain functions. Are we comfortable with the split in missions between those two agencies? Do we need to put those together? The Forest Service is another one.

Mr. THOMAS. You emphasize information. What about structures and functional changes? Don't you think that—you know, you can have all kinds of computer interplay, but the fact is that probably there need to be some structural/functional changes?

Mr. ROBINSON. That is undoubtedly true of the USDA. And even more fundamental, perhaps, is cultural change. The USDA has evolved into an agency where, when you're an employee of the USDA, you're first off an employee of your agency rather than of the whole USDA. The global mission may be getting lost in the shuffle as each individual agency pursues their own objectives, perhaps to the detriment of the global mission.

Mr. THOMAS. I guess I appreciate, at least partially, the difficulty, but normally you have someone like an Assistant Secretary, or something, that presides over that. Don't they feel any responsibility to pull people together, or do they just sit there and watch it?

Mr. ROBINSON. I'm sure all the recent Secretaries have felt the need to make changes.

Mr. THOMAS. Why don't they do it?

Mr. ROBINSON. Well, when you're dealing with 130 years of cultural change——

Mr. THOMAS. Well, that's what supervisors are for, though, isn't it?

Mr. ROBINSON. Well, former Secretary Madigan, I think, has had some frank discussions with us on the practical difficulty of actually trying to——

Mr. THOMAS. Has he? But you can change a hell of a lot of culture with a paycheck, can't you?

Mr. ROBINSON. Well, as the former Secretary told us, he couldn't even get a car or a van, because they belonged to the agency head, not to him. I'm just trying to say, in a practical, day-to-day way, it's very difficult.

Mr. THOMAS. Yes. Is it your view, though, that there is a concerted management effort to do that, or has management just kind of thrown up their hands because of the culture?

Mr. ROBINSON. Oh, I think it's pretty clear that there is an active effort, certainly by the Congress and this administration and the

previous administration, to try to achieve the result you're talking about.

Mr. THOMAS. I have a hard time with that. It seems to me that, when somebody is in charge, they ought to be able to make some changes.

Mr. ROBINSON. Well, you would think.

Mr. THOMAS. You would.

Mr. ROBINSON. I think Jay Etta has something to add.

Mr. THOMAS. Yes.

Ms. HECKER. I might try to clarify. Because of the range of my responsibilities, I look at both EPA and Interior, as well as USDA, all of which have considerable responsibilities in water quality. The way these agencies are currently organized, EPA has the responsibility for regulating, Interior actually has the responsibility for developing baseline data on the state of the Nation's water quality, and USDA has the responsibility for getting a lot of the information out to farmers, and tracking soil conservation and pesticide practices. As a result, USDA may have the best data, or potentially the best, on the state of the Nation's land and ground water.

There is limited coordination between those agencies. We have a study ongoing about the effort of Interior to get baseline data. They have been working for 20 years on the state of the Nation's water quality, and they have basically given up using much of the existing data. Instead, Interior now has a \$30 million to \$60 million a year effort to collect the data on their own, because they can't integrate the information available within USDA or other State and local agencies.

So, yes, the Soil Conservation Service has some water quality management responsibilities, the ASCS has some responsibility, the Forest Service is involved, and many other agencies have a piece of it. But there isn't an Assistant Secretary alone who can only solve the problem and manage it better within USDA. What's needed is some fresh thinking for dealing with the wide range of involved agencies.

Mr. THOMAS. I understand. But there is a Secretary.

Ms. HECKER. And there is some promise, because——

Mr. THOMAS. When you follow the line, there is somebody in charge.

Ms. HECKER. Yes.

Mr. THOMAS. Now, I understand the problem, but, you know, I don't think we should suggest that nobody can coordinate it, because they can if they would. Would you agree?

Ms. HECKER. But we don't have a clear mission statement for that. We have pieces of missions.

Mr. THOMAS. All right. Would you suggest that we move the Forest Service to Interior?

Mr. ROBINSON. Certainly, I don't think it's our place to make those kinds of policy calls.

Mr. THOMAS. And that's my next question. I appreciate what you have done, and GAO is here a lot. But you talk about problems. You never seem to have any solutions.

Mr. ROBINSON. Well——

Mr. THOMAS. Except you have to study it some more. What would you suggest that we do?

Mr. ROBINSON. I think we've tried to lay out, as clear as our organization is capable of doing, a course of action.

Mr. THOMAS. Do we ever hire any professional management folks to suggest it?

Mr. ROBINSON. As a matter of fact, as part of doing our work, we are currently going around the country talking to private sector people who have actually pulled off the kinds of massive reorganizations that we're talking about here. Our goal is to get lessons learned from them—how did they go about doing it, how did they achieve it, what obstacles did they face and how did they overcome them?

We're feeling we're getting a lot of good, solid information on that, and we hope to bring that to fruition.

Mr. THOMAS. I don't mean to be critical. I think you've done good work here, and it's necessary work, but I'm just venting a little frustration in that this isn't a new problem, and it isn't really—a lot of people know how to fix it. I mean, hell, this is not unique to this organization. Any large organization has this same problem. This may be a little more. But it's just frustrating that we go on and on and on and never seem to be able to pull it together.

Mr. ROBINSON. I think one thing that might be encouraging here is that at least it appears now, perhaps for the first time, that there is a consensus will to actually begin doing something practical about this. That may be the difference that perhaps wasn't there in the past.

Mr. THOMAS. I don't mean to be partisan, but Madigan tried. I mean, it's not a brand new idea this month, is it?

Mr. ROBINSON. Absolutely not. And his proposal is out there. Secretary Espy's proposal is, at least in concept, out there. Mr. Leahy's, Mr. Glickman's, there are a lot of proposals.

Mr. THOMAS. Thank you. I appreciate your testimony.

Mr. CONDIT. Thank you, Mr. Thomas, for excellent questioning. I'm sure that Secretary Espy is going to continue to try to do some of those things that we've just been talking about.

Mr. Peterson.

Mr. PETERSON. To follow up a little bit, couldn't you make the same kinds of allegations and statements about every agency that you're making about USDA? I mean, they are basically all in the same shape. They don't have a clear mission. They don't have accounting systems.

Mr. ROBINSON. I guess it's a matter of degree, Mr. Peterson.

Mr. PETERSON. Well, I've been listening to IGs, and what they tell me about HUD is worse than what you're saying about USDA. So, I mean, you know, basically, isn't it true that these agencies don't have any accounting systems, don't have any way to measure performance; isn't that true?

Mr. ROBINSON. Certainly, on a variety of different fronts, we've been pressing agencies to do what you're talking about doing.

Mr. PETERSON. Well, has the Department of Agriculture implemented the CFO Act?

Mr. ROBINSON. As I understand it, they have recently appointed—

Mr. PETERSON. But it was passed in 1989.

Mr. ROBINSON. I think the IG, in 1991, issued an adverse opinion on many of the Department's financial statements, testifying to the need for some pretty rapid and pretty radical improvement. I'm not confident of the information on where, precisely, the Department stands on implementing CFO. We can certainly try to get more—

Mr. PETERSON. You don't know where they stand? How could you have looked at this and not have looked at that issue? I mean, you can't do any of this stuff unless we get that implemented and we get some accounting systems and some way to measure this. I mean, otherwise, you can't do anything.

Mr. ROBINSON. Certainly, I guess no one has been more vocal about the need for the CFO Act and the need for its implementation than GAO. With the Department just recently appointing their CFO, I think it's fair to say they haven't gone a long way down the road.

Mr. PETERSON. When did they appoint that—do you know?

Mr. ROBINSON. As I understand it, Mr. David was just recently appointed, this week.

Andy, do you have any information?

Mr. PETERSON. Just this week?

Mr. FINKEL. In the last couple of weeks.

Mr. PETERSON. Does he actually have the qualifications? Because some of the agencies have been appointing people that are really not qualified. I think they are doing it just to sabotage the system. Have they put somebody in that—

Mr. FINKEL. That was a problem in the last administration. The Assistant Secretary for Administration was the CFO and was not a certified public accountant.

Mr. PETERSON. Right. So have they got a CPA now? Is this new person a CPA?

Mr. FINKEL. I believe he is.

Mr. PETERSON. And they're actually going to try to implement the act, you think, now?

Mr. ROBINSON. If he's there less than a week, I guess we're just not very comfortable with a lot of his background, frankly.

Mr. PETERSON. We don't know at this point.

Mr. FINKEL. It's too early.

Mr. PETERSON. One of the things that you mentioned, I think your third point about needing information systems, the Department has to go through GSA to get whatever they want done?

Ms. HECKER. That's correct.

Mr. PETERSON. Well, then, isn't it true that this will never get fixed?

Ms. HECKER. I don't think GSA is—

Mr. PETERSON. I mean, I think that GSA is absolutely the problem. And one of the reasons that our information systems are so screwed up, by the time you get through that bureaucracy the thing is out of date. I mean, this technology is changing every 6 months, and you can't get a system through GSA in less than 10 years.

Ms. HECKER. GSA mostly promulgates the rules and procedures about—

Mr. PETERSON. And makes it impossible to do anything.

Ms. HECKER. Well, no, there is flexibility in them, and, in fact, I've seen major procurements that move quickly and that use the most advanced technology. In fact, what GSA does is usually have a delegated procurement authority, or a DPA, authorizing the agency to do things at their own pace and manage it themselves.

Basically, I think the responsibility rests more with the way USDA has managed its information. It has been uncoordinated. There has been no central management. You've got fiefdoms and separate systems. Even within agencies you have separate systems.

Mr. PETERSON. Well, just for your information, one of the things I'm looking into is whether we ought to have GSA in the middle of this, because I'm not so sure they're doing any good.

I don't want to take too much time here.

Mr. CONDIT. You're doing fine, Mr. Peterson.

Mr. PETERSON. Another thing that I wanted to know about is, who would decide what the mission is? I mean, it's inconceivable to me to understand how this would happen. I mean, we can't decide amongst ourselves in the Congress what the mission of the Department is. How in the world would you get everybody to buy off on this? What kind of a process would it be?

Mr. ROBINSON. I think you're very close to what we're looking for, where the Congress and the administration jointly reach a consensus. And perhaps these reorganization proposals are the vehicle to reach that consensus.

Mr. PETERSON. The what?

Mr. ROBINSON. Perhaps these reorganization proposals that we're talking about will be the vehicle to decide what precisely we want this department to do, what we want it to accomplish—maybe focusing on results, not so much on activities.

Mr. PETERSON. Well, I think it's a worthy goal, but I have a real hard time understanding how we would do this. I guess, if you could supply to me some more information about the CFO and whatever is going on down there and how they're implementing that, because I'm going to try to be looking at all the agencies and see if we can put some pressure on trying to get this moved along.

Mr. ROBINSON. We certainly will.

Mr. PETERSON. Because it has been long enough.

Mr. ROBINSON. Absolutely.

Mr. PETERSON. If we're going to ever get at any of these issues, we have to have people in there that can give us the information that we need.

Mr. ROBINSON. Harkening back to Mr. Thomas' question earlier, perhaps the creation of a commission of private sector folks who have actually pulled this off and reached consensus on missions and structure is the way to proceed.

Mr. PETERSON. You're going to have to reform the civil service rules, too, if you're going to do this. As I understand it, the Vice President's commission, that's one of the things they're focusing on. So maybe everything will come together here. Maybe there is some chance that we're going to actually do something positive in this whole area.

Mr. ROBINSON. I think it feels different to us.

Mr. PETERSON. Yes. Right. I guess I would agree with that, but I'm somewhat—

Mr. ROBINSON. Guardedly optimistic?

Mr. PETERSON. Yes.

Thank you, Mr. Chairman.

Mr. CONDIT. You are welcome, Mr. Peterson.

I think we all get "it feels different," we're just not sure what that means yet.

Mr. Horn.

Mr. HORN. Thank you, Mr. Chairman.

Mr. Robinson, how much of the immobility of the various Secretaries of Agriculture is due to the Congress writing specific protections into the law for the various subfields within Agriculture?

Mr. ROBINSON. That puts me in a fairly difficult position.

Mr. HORN. You're an agent of Congress, but you've taken an oath to tell the truth. [Laughter.]

And I hope that isn't inconsistent.

Mr. ROBINSON. That clears it up for me.

I think that's what we were trying to get at in our fifth point there, that we have to, in practical terms, give the administrators the ability to administer and to be creative and to be innovative. To be hamstrung by 700 pages of very detailed instructions on this function and that function, it makes it very difficult for them to maneuver and to be creative to respond to what is an increasingly changing world, changing at a faster pace just about every day.

Without that ability to innovate and be creative to respond, I think you have a prescription for a very difficult situation.

Mr. HORN. Well, have you, in your analysis, done any appendices or anything where you've said, "This specific clause of a particular law is an inhibitor to effective functioning of the USDA?"

Mr. FINKEL. Well, there are a couple of specific clauses in some of the laws—for example, certain field offices cannot be closed. There's also—getting back to Mr. Peterson's point—the fact that USDA is a little unique because it has to act on 202 separate appropriations accounts. That's a lot more separate accounts than any of the other agencies I've ever dealt with. It leads to some of the types of problems that you were talking about.

Mr. HORN. What can GAO tell this committee, specifically, about the inhibitions Congress has put on the Secretary of Agriculture, not to mention the President, by dealing directly with the Secretary, that prevent effective reorganization? It seems to me it's your obligation to inform us.

Mr. ROBINSON. Rather than go—I guess it would be very difficult to go through all the 250 programs, item by item. Certainly, I'm not prepared to do that today as to what's broken and what's—

Mr. HORN. No. Could you file appropriate memorandums with the committee that we put in the record at this point to get on top of that problem? What are the specific things GAO, as a group of professionals, not working for either political party, can inform this committee where we are part of the problem?

Mr. ROBINSON. I certainly believe there are places where simplification is possible. Let us go back and let us systematically try to identify them for you.

Mr. HORN. Good.

Mr. Chairman, I would like to have that put in the record at this point when the GAO submits it.

[GAO met with Mr. Horn in his congressional office.]

Mr. CONDIT. Without objection.

Mr. ROBINSON. My boss isn't going to be real happy with this commitment I just made.

Mr. FINKEL. Secretary Madigan put a list of congressional constraints together. We can start by giving you that list.

Mr. HORN. OK. But I would like GAO to independently check all this, if we might. I think this is very important. This is one of the problems. We expect miracles out of the President. We expect miracles out of a Secretary. And we sometimes are part of the problem.

No. 2, the basic problem of line versus staff. I haven't looked at either the Espy first draft or the Madigan proposed structure till 20 minutes ago. Something strikes me very clearly as I look at it. Basic principles of administration ought to get a political executive, the Secretary, the Deputy Secretary, the appropriate Under Secretary, in touch with the career direction of particular programs without a lot of layers in between.

It seems to me, just off the top of my head, the Madigan proposed structure sought to do exactly that. And what he does, I notice, is downgrade the so-called "assistant secretary level," gets it out of line operations and correctly into staff operations, be it public affairs/congressional relations, program analysis, inspector general, general counsel, judicial officer, administration/executive secretariat.

The Espy draft goes part way there. It's on the same right track but leaves a lot of these at the Assistant Secretary level, so you have conflicting operating groups, some managed by an Assistant Secretary, some managed by Under Secretaries.

Now, what guidance, if any, based on your extensive organization analysis across the Federal Government, can GAO give us—and maybe that chart is part of it; I'm not quite sure where that chart is—that would tell us, you know, what's the best objective advice as to how to get the political executive in touch with the career administrators of many of these agencies, who are there when Secretaries and Presidents and Members of Congress come and go, and to separate that out from the cross-cutting functional ones in legal, budget, personnel, information management, whatever?

What can you tell us on that?

Mr. ROBINSON. Well, I think there are a number of ways to start to get into that. No. 1, clearly, I guess we would be comfortable with a certain number of principles, without getting to the specific merits or weaknesses of any one of the four, five, or six proposals that are out there now. Certainly, simplification and streamlining and reduced span of control are essential. Anything that moves in that direction is a positive step.

One objective ought to be to try to better deal with many of these cross-cutting issues that exist within USDA. Frankly, these cross-cutting issues may become more dominant issues in USDA than the existing issues and structures. Anything that moves toward reducing the number of strands of spaghetti up there and more closely matches exactly what they're trying to accomplish in the Department today and probably tomorrow is a good thing.

I'm not sure that gets totally at your question.

Mr. HORN. Well, it's a start. The question is, do you give the Secretary a basic blank check on reorganization so the Secretary can accomplish some of these things? And different Secretaries might have different preferences. That doesn't mean they are unreasonable. It might be exactly the right type of organization at that point in time, if you have an ultimate mission of service.

On the other hand, if you have a mission of simply, under any administration, Republican, Democrat, it doesn't matter, a bureaucratic administration, of saying, "Hey, we're doing this so we can all sit around and talk about the problem," somebody is out there saying, "I want service."

It seems to me we have to get as lean, directed an organization as we can in every cabinet department that deals with the fact, we're here to serve the people.

Mr. ROBINSON. And I think that's the message that probably a number of corporations have learned. They were on top of the world not too many years ago and suddenly, because of antiquated structures, antiquated organizational approaches and management approaches, they found themselves in deep, deep trouble.

The USDA doesn't have those same market signals to tell it, but I think, as you and others have pointed out, there are ample signs already out there.

Mr. HORN. Well, you said GAO would look at some successful corporations that faced up to this. Let me suggest you look at Atlantic-Richfield, Arco. Faced up to it 10 years ago. How do you get rid of those middle layers, hundreds of people, MBAs, all the rest, that simply confuse the issue and write a lot of memorandums? But the question is, direct action, how do you serve the people? The customer is always right. Those that have taken that attitude have benefited. Government shouldn't be any different in that. Their customer is the average citizen in a particular area.

Mr. ROBINSON. You bet.

Mr. HORN. I just think GAO ought to give us the benefit of its organizational analysis across the government, how you separate out line operations from staff operations, because what you don't want is the staff being the tail that wags the dog.

Mr. ROBINSON. And you don't want to perpetuate the kind of fiefdom mentality that exists right now where people are preserving their own interests to the detriment of their global interests or, in fact, the customers' interests.

Mr. HORN. Thank you, Mr. Chairman.

Mr. CONDIT. Thank you, Mr. Horn.

If I could follow up, it's my understanding that GAO just recently, or within the last few weeks, interviewed Mr. Perot about the very thing that Mr. Horn is talking about. Do any of you have any information on what his response was?

Mr. ROBINSON. Mr. Perot is a take-charge kind of guy, and he offered a number of immediate suggestions on how to proceed. And I thought he was very forthcoming on describing his experience in achieving restructuring and revitalization in a number of organizations. In fact, he offered to set up contacts for us with a number of CEOs across this country to help us and certainly was very helpful.

Mr. CONDIT. Is there a followup on those suggestions, or were they just lightly heard and dismissed?

Mr. ROBINSON. No. He offered a number of contacts which we will pursue. He offered his support in whatever that might be, organizationally and from a public relations standpoint, to try to press the need for this kind of restructuring, and took very much of a personal interest, I think, in helping us along. To the extent that we can use that, we're certainly going to.

Mr. CONDIT. You're going to have to answer a lot of questions when you get back to the office today.

Mr. ROBINSON. I'm in deep trouble. I've already passed my promise quotient by a good bit.

Mr. CONDIT. Mrs. Thurman.

Mrs. THURMAN. In the draft report that we got, I guess yesterday, on page 13 you talk about the information technology issue, but then you go on that they had acknowledged the problem and that they had initiated some new strategic planning processes. Can you give us a little bit more information as to what they have initiated, what they are doing, and make us feel a little better?

Ms. HECKER. I think that may be difficult. We have found that information planning is a serious weakness in the Department. In fact, even the recent efforts are not well connected to mission. The technology folks are excited about the power of technology and saying, "How can we use the technology better?" It's not being driven, as it is in the private sector, and as in every experience, certainly, that Mr. Perot has had, by a fresh and clear statement of mission and direction.

That, for example, is the cause of the problem in the Farmers Home Administration. You had very bright, energetic, and enthusiastic technology folks spending a couple hundred million dollars during the 1980's. But you were left with systems that didn't meet the needs of the users, because the mission wasn't driving the modernization.

So what we have now is a recognition that there are very pervasive information problems, poor use of technology to serve the mission. So, again, you have the technology folks coming up with a plan. They are not plugged into a streamlined, focused, and clear sense of mission and priorities. And it really has to be a part of a restructuring/reorganization effort.

So the technology cannot be the driver here. And, unfortunately, there may be some ways in which that is a tail wagging the dog. That isn't a sign of promise.

There's a more serious problem, really, that I think Mr. Robinson referred to, and that's about data integration. There's no sharing, no exchange, no compatibility, often, within agencies, let alone across agencies. So even if you have someone in charge who says, "I want all the information. I want you all coming to my office," the data is in separate formats, in separate systems. You can't get the information integrated. That is a serious problem.

There was a study in 1985, a big commission that the Department said, "We need to integrate this data." No progress. There was a mandate in the 1990 farm bill, "We want you to start integrating this data." There were concerns that there was fraud because of poor integration of information. You had foreclosed farm-

ers still getting their loan payments, still getting subsidy payments. And this is because systems don't send the message, "Don't give him a payment anymore. We have, unfortunately, had to foreclose, and he is no longer entitled to support payments."

So there is very serious lack of effective integration. There was a 1990 mandate to do it, but there has been virtually no progress in the last 3 years. There's a new group again looking at data integration. It's not well staffed; it's not well funded; it's not being taken seriously. And that's an area where there is great promise. There should be far more focused effort within this transition period before a revitalized, restructured, streamlined organization is defined and the technology is then modernized to support it.

Mrs. THURMAN. Maybe a followup from Mr. Peterson's question on CFOs, are they supposed to be responsible for this? In your opinion, from looking, hopefully, at some systems that have worked, who are the persons or people that would be in fact the best to implement a program like that and make it work?

Ms. HECKER. Well, in the private sector, the trend has been to have a chief information officer who is often parallel to a chief financial officer, not the same. They are committed across the organization to increasing the understanding of the strategic importance of technology. They are not the dictator. They are not the owner of all the systems.

In fact, I've had the privilege of going to some of the major corporations, banks, and insurance firms. The chief information officers are very visible facilitators in getting the rest of the organization to understand that technology isn't just like paper clips and supplies. It's not just some tool that you use. It's actually a critical factor, understanding the information you need, understanding business processes, which is an analytical process that the information managers are specialized in but affects a whole organization.

They are able to get the senior managers, the executives of corporations, to look at how technology can transform, streamline, and revitalize the organizations. That's where you get the banks completely changing their operations with bank cards. And the Department has the opportunity to benefit in a profound way from the technology.

It's a little long, but let me just tell you one of the interesting stories about the structure. The current structure of the farm agencies, with 8,000 field offices, is based on a county structure established so a county seat is within a day's horseback ride of every citizen. Well, clearly, with today's telecommunication capability, we have the potential for very fresh thinking about what the standard for communications and access of farmers to USDA needs to be. We're quite sure you don't need 8,000 field offices anymore.

Mrs. THURMAN. Since I'm new here, I'm going to ask this as a followup question: Wasn't the information resource management movement supposed to get control of agency information resources, and has it worked?

Ms. HECKER. USDA has about 2,000 employees working on information management in the farm agencies. There are about 200 to 300 at headquarters. So it's controlled and managed, and all the decisions and all the focus is done at these fiefdom levels. That's where the power is. That's where the people are.

You have limited oversight, limited standard setting, limited ability to coordinate, and limited leverage even, at the center, to say, "We want a system that's integrated. SCS shouldn't build a system that isn't compatible with ASCS. You have to share information. The programs are related." You haven't the authority, the vision, the direction.

So, yes, conceptually.

Mrs. THURMAN. Let me just take this to a broader scope, because this is the third GAO report I've received. One was on EPA. We did one on INS 2 weeks ago. And now we have today.

This issue on information, in particular, has continued to riddle all of these reports. I mean, I have not seen one that has not brought up information services. As a department or agency, have you all taken a look, across all of these audits and looking at this service, and provided us or those agencies or departments any recommendations to where we could stop seeing these kinds of things continue to come back up?

It just seems to me that, when you do these reports and you continue to see the same kinds of things occurring across the board, in all departments and agencies, that you would start working on some kind of a program to put into place so that we would not continue to see these same issues.

Ms. HECKER. Absolutely. There is definitely work that we have done that has identified how this is pervasive across the Federal Government. We support the formation of chief information officer positions across the Federal Government. However, any single position alone is not the answer.

There is the potential for real business and strategic information planning. That hasn't occurred. Business plans or information plans are largely acquisition lists and really haven't linked how to use technology to support the mission. So that's something that has to occur, and it is a transformation for many agencies.

Senior managers need to be involved. This isn't something you delegate to the techies. So you need Secretaries of departments really caring about information, caring about technology, recognizing it as a strategic lever, and treating information as a strategic resource and as a scarce resource.

So those are some of the areas, but we have several reports that have identified the cross-cutting problems and identified some of the key measures that ought to be taken governmentwide.

Mrs. THURMAN. OK. We have another question.

Ms. HECKER. You're well informed, very focused.

Mrs. THURMAN. OK. If IRM didn't work, why will CIOs work?

Ms. HECKER. Well, they never had the authority. They were buried in the organization. They never had the resources. So IRM is the right concept, but it hasn't been given a college try. You don't throw it out because you never funded it or gave it the resources or authority.

Mrs. THURMAN. But it's my understanding that we did one in 1989 on CFOs. And that has obviously—we just got one put into place a week ago that was actually an accountant/CPA to do—I mean, I guess the question is, what's happening out there, and why are these things not being followed?

Ms. HECKER. It's an education process. I think it's even still ongoing in the private sector that technology has transformed from something that you ran your accounting or personnel systems on to something that is the critical lever for organizing; looking at technology, its power, its alternatives, to think about your business differently.

So it's a culture change about how we think about technology. I don't think there are that many people in the Federal Government, that many information managers who have really transitioned from ADP or computer people to business visionaries. We're in the midst of a transformation, but I think there is great promise in this area. This clearly is at the heart of virtually every organization, having the information, and using the technology strategically.

One of the urgencies we see is making sure agencies don't waste the money right now. When we looked at USDA just 6 months ago, there was a plan or rather a sketch for spending about \$2 billion on computers and technology in the four farm service agencies over the next 5 years. What was it for? To automate the existing structure, to buy computers for those 8,000 field offices. With the good counsel and direction of Chairman Leahy and Senator Lugar, they prevailed upon the Department to suspend those acquisitions.

But here we are, all of those departments are in the midst of looking at their mission, and they were busily going about buying more technology for the old structure. So we need new thinking, and information technology is clearly a critical factor, and we shouldn't give up on it because it didn't work in the past decade.

Mrs. THURMAN. Thank you, Mr. Chairman.

Mr. CONDIT. Thank you, Mrs. Thurman.

Ms. Woolsey.

Ms. WOOLSEY. Thank you, Mr. Chairman.

I just want to make one remark regarding what we've just talked about. I am continually amazed at what a low-tech environment we're working in, when we're talking super highways and super communication systems, et cetera. And I don't think this is the Department of Agriculture's problem; this is a total government concern. We either step up to the bat and become high tech and join the rest of the world, or we are always going to be criticizing our agencies for not being able to provide us what we need.

And it's not just you. It's the House. It's us as a body. We are really low tech, and we need to do something.

I apologize for being late. I want you to know that I think these are very important hearings. They are of great concern both to myself and to my district, any reorganization of the Department of Agriculture. I want to thank the panelists for being here this morning.

The district I represent in California includes the two counties just north of San Francisco, over the Golden Gate Bridge. And that's the home of numerous family farms, ranches, and large land holdings, as well as grape growers for our world-famous Sonoma County wines.

So this meeting is particularly interesting to me, because our goals in my district—I think, if you know my district at all, it's very environmentally sensitive. We're on the cutting edge, progressively, of just about everything. The farmers as well as the environ-

mentalists look at production from both production goals and environmental responsibility.

So they are in agreement that the USDA is in need of reform, and to get rid of interagency turf battles, and to get rid of waste. But they don't want these problems to get in the way and to erase the supports we've been getting for conservation and environmental needs and the focus that has come to our district from the USDA for both environmental and conservation needs. So, although I know we're going to reorganize, I want us to be very careful that we don't throw out the baby with the bath water.

And I have a couple of really key concerns to my district. They really relate to the Sixth Congressional District. One is the proposal to reform the USDA by consolidating the three agencies and come up with a farmers services administration. The farmers from my district have expressed concerns that the main emphasis of the farmers services administration will operate the Department's loan programs, and, as a result, they are really worried that the resources programs will severely suffer.

I believe that the Department of Agriculture's natural resources programs are crucial, because they allow landowners to protect the Nation's natural resources while producing safe and abundant food supplies.

I think, Ms. Hecker, maybe you're the one that could respond to this. Tell me how you think the farmers services administration could be set up to ensure that the natural resources programs are not overshadowed by the loan programs?

Ms. HECKER. I would be happy to address it, but I think it's more programmatic, and Mr. Robinson—

Ms. WOOLSEY. OK. All right. Not being here, I'm sorry.

Mr. ROBINSON, you get it again.

Mr. ROBINSON. Hopefully, I don't make another promise, is the key. [Laughter.]

Ms. WOOLSEY. You probably need to make another promise.

Mr. ROBINSON. I know one of the concerns that has been expressed about Mr. Espy's proposal is the extent to which environmental issues are somehow downplayed in this structure. It's not caught up in the Assistant Secretary arrangement and Under Secretary arrangement that he sets forth. So I guess, on that basis alone, I would understand some of the concerns that your constituents may very well be raising.

The farm service agency consolidation question will be easier to deal with once a mission is established and the Congress and administration decide what it is we want to do. For example, do we want to emphasize conservation programs or environmental programs to a greater extent or revert to the past when we emphasized maximizing production at all costs?

To the extent that we can crank that into the arrangement, we feel that the Nation as a whole will benefit. It's very difficult to afford the three or four or five layers of overhead that exist out there now. There is some merit in bringing those organizations together. Clearly, we must define the mission; those concerns that your constituents are raising certainly should be cranked into the process of arriving at what that mission ought to be.

What they're talking about is more of a mission question than it is an organization question.

Ms. WOOLSEY. Well, no, because we've heard that there's a possibility of the soil conservation arm moving out of our district and going someplace else because of the consolidation. And when you're in an environmentally sensitive area in the first place, when you have farmers that are willing and eager to work to the best interests of the entire Nation, we can't undermine them by taking away the few services that they have now, that they're clamoring for.

Mr. ROBINSON. Well, I'm not sure consolidation and bringing the whole organization into one piece would necessarily result in reduced service. It's very possible that having all the experts at a given location together may actually enhance service to the client or, in this case, the customer.

Ms. WOOLSEY. Well, that's possible, as long as that isn't in the Midwest versus the West Coast, et cetera, or in the corporate farming areas of California versus the family farming areas of California.

Mr. ROBINSON. That's certainly true. I know the six criteria of the USDA-OMB SWAT team included geographic service among their criteria, and that is being taken into account. But I think, more important, is the question—is the Department, in your constituents' minds, backing away from the environmental ramifications of its program implementation? And that's a question that again comes back to mission, in large degree.

I had an opportunity to talk with Ralph Grossi, I think a member in your district.

Ms. WOOLSEY. Oh, you did? OK.

Mr. ROBINSON. So I have a good feel for what you're talking about, the concerns.

Ms. WOOLSEY. Well, you know who we are then.

Mr. ROBINSON. Absolutely.

Ms. WOOLSEY. All right. Well, I haven't heard a promise. You've promised everybody else. [Laughter.]

Let's hear, Mr. Robinson, a promise to really put some effort behind this with us.

Mr. ROBINSON. We are in the process, honestly, of reenergizing and restructuring our work on this issue. We are moving away from simply assessing the management and the implementation of conservation programs, which in large measure were commodity programs turned on their side. We are doing more on what the USDA is doing, how well are they doing in integrating environmental concerns and the environmental implications of agricultural programs into their fundamental core being?

So we are interested in those areas that you're talking about, and I can say this—this is a promise we've already made, so this doesn't count as a new one—that we are going to proceed briskly in that area.

Ms. WOOLSEY. All right. Well, you're in good hands with Ralph Grossi.

My other question: As I mentioned in my opening statement, the district I represent is the home of numerous grape growers, grapes for wine, not for raisins. It's a farm crop in the United States that's predominantly funded and supports family farmers. And I hear in

my district that the grape growers, because they are currently under the Bureau of Alcohol, Tobacco, and Firearms, they aren't getting a lot of attention from the USDA. In fact, they aren't getting any.

A lot of the grape growers in Marin and Sonoma Counties, in Sonoma, particularly, would like to have more inclusion in the USDA process. Do you see that coming at all?

Mr. ROBINSON. Again, a perfect example of the missions question that we're talking about. If that's something that we reach consensus that they ought to be doing, then we would structure accordingly. I have to tell you that I prepared for a lot of things today, but that issue isn't one of them, so I'm having some difficulty in trying to respond specifically to the merits or the weaknesses of that proposal.

Ms. WOOLSEY. Well, could we work on that together and look at it? I mean, what are the challenges? I mean, I know fiefdoms, you've talked about that, and the ATF giving up anything is very difficult, but if it's in the best interest of grape growers to be in another agency—I mean, at least a desk in the USDA.

Mr. ROBINSON. That adds to the list of questions. You know, rural development, again, is spread across many different agencies. Food safety is spread across many different agencies. This is just yet another example of split jurisdictions that I guess are raising concerns to the customer out there, which is your growers.

Ms. WOOLSEY. Yes. All right.

Mr. ROBINSON. Certainly, if you're interested in this issue specifically, we would be happy to come up and sit down and talk with you or your staff.

Ms. WOOLSEY. I would like it if we would do that.

Mr. ROBINSON. We will do that.

Ms. WOOLSEY. I would like you to do that with me.

Mr. ROBINSON. You got your promise. There you go.

Ms. WOOLSEY. Well, I want a promise on the other one, too. OK. Thank you.

Mr. CONDIT. Ms. Woolsey and I share a common interest in agriculture. We represent areas that have specialty crops, and we have very little input from USDA. We're sort of on our own. So I sympathize with what she's saying, and I appreciate your commitment to try to work out something with her.

Just to follow up, it is my sense, though, that during this reorganization or restructuring that, instead of broadening the service area, it is possible that they will reduce the service area; instead of including specialty crops, bringing them in and putting them at the table with everyone else, probably going to be a reduction. Do you have any thoughts about that, Mr. Robinson?

Mr. ROBINSON. Once again, I hate to beat this horse beyond being dead, but this is a missions question. If our mission is to serve these people and to pursue this issue, then we structure accordingly. And that, ultimately, is that kind of policy call that we've been talking about.

Mr. CONDIT. Do you have any feeling about what the attitude of the American people is about our mission and what the attitude of Congress is? I mean, when we talk about the Agriculture Department, I believe the American people believe this is about food and

about the farmers growing food, when in fact it's really the smaller part of the Agriculture Department.

Have you found that—I mean, I know that you haven't done polls or surveys, but I think at home people think that we're the Agriculture Department, not the nutritionist department.

Mr. ROBINSON. Certainly not based on any scientific evidence whatsoever, but if you asked the average citizen, you wouldn't get the answer that food programs and food production are the minor part of the Department and that food assistance, food safety, a whole host of other programs that are not exactly involved with growing crops would be the dominant force.

Mr. CONDIT. Even in the House, when we debate the cost of the agriculture program, I think a lot of members may be a bit confused that this great cost that we see there goes to subsidize farmers and farm programs, when in fact it goes someplace else. And we're having a difficult time making that point. We really have to do something about that.

You have been so kind to be here, Mr. Robinson, and put yourself on the line, and I appreciate that very much, and I hope you can deliver on every one of your promises. That's something that we have not been able to do.

Mr. ROBINSON. It's just my career at stake.

Mr. CONDIT. I'm going to let Mr. Horn—we will go back down again. Let's do a followup question.

Mr. HORN. I just have one last question. First, I commend you all for coming. I have enjoyed the dialog with my colleagues and myself.

Ms. Hecker, I think you were exactly on the right track with your philosophical view of what a chief information officer ought to do. I merely have one question. Based on your examination of the Department of Agriculture, what sense do you get that, say, over the last decade or two, Secretaries, Deputy Secretaries, perhaps Assistant Secretaries have thought in terms of what are the management data we need to perform our duties versus what simply can be counted, that people like to count, because sometimes people want to know those things, that we simply—and your example was excellent on the \$2 billion potential procurement—that we're simply going to count faster what we can count versus thinking through?

What is it we really need to do to know that we are properly carrying out the services of this agency in an effective and efficient manner? Do you get any sense people have called them in at the political level or the senior administrative level and said, "OK. Let's hammer out what it is we need to know to do our job and succeed on our mission."

Ms. HECKER. No, I don't believe we have seen that done at USDA. Last year we looked at the developing proposal for a \$500 million acquisition at the Farmers Home, and alone, even though it's a smaller unit, it really wasn't focused on building systems that could track obligations, track delinquencies, help farmer service programs. I mean, that, too, was more about technology and buying new equipment, and it wasn't mission-based information and management based.

Now, this is an area that I know Mr. Robinson has come into a great deal. I think you've heard him talk about the pervasive areas of information weaknesses. And it's just a very serious problem that continues at USDA, and I think we need a dramatic upgrading of the appreciation of the importance of information and better information planning at the Department.

Mr. HORN. Under President Nixon, the "M" was added to what was the Bureau of the Budget; it became the Office of Management and Budget. Part of management, it seems to me, ought to have that information management component.

Ms. HECKER. Yes.

Mr. HORN. To what extent is OMB working in this area to give guidelines to agencies, models, examples of, if you're trying to see how effective a service program is, what are the basic questions you ought to know, and how do you go about gathering those data? Is anything like that happening at the OMB level?

Ms. HECKER. There is an Office of Information and Regulatory Affairs, and, frankly, while I haven't studied the work of that office recently, their emphasis has been more on regulatory oversight than information oversight. They are the group that, when then Vice President Bush chaired the regulatory oversight committee, that was basically the staff group tracking Federal regulations.

Similarly, when he became President, it was Vice President Quayle who managed the oversight of regulations. So that group had a dominant emphasis on regulatory oversight and not on information oversight. That group was given basic authority for information resource management under the Paperwork Reduction Act of 1980, and there is probably substantial room for improvement in leadership at the executive level in that area.

Mr. HORN. I wonder, Mr. Chairman, if we could get a letter from Mr. Paneta as to what the plans are of the information aspect of the management end of OMB, as to guidance to agencies as to the type of management data that need to be gathered to effectively assure that the mission of an agency is being pursued.

It seems to me that answer is integral to the basic budget decisions they make, and Secretaries usually do pay attention to those matters that concern the Director about budget. Obviously, the answer to those information questions ought to drive the effect to which they gather additional resources or cut in resources or redirecting resources.

Mr. CONDIT. I'm not sure that we can get a letter, but I do think it's a good idea. Maybe this subcommittee, if the members would like to cosign a letter together, can ask that of Mr. Paneta.

Mr. HORN. Or maybe—I've forgotten if they have recruited a new Assistant Director for the management aspect.

Mr. CONDIT. They have.

Mr. HORN. You can't blame that person for anything. Let's just maybe have a dialog by getting that person in here.

Mr. CONDIT. Why don't you and I have a discussion whether we want to do that in written form or verbal form, and we will pursue it that way.

Mr. HORN. Fine.

Mr. CONDIT. Mrs. Thurman.

Mrs. THURMAN. I just would like to say that I would like to be involved in that, because I think that it is very important.

But one last question that sparked my interest, because I don't know that I've ever actually heard regulations and stuff being addressed as 110 pounds.

Mr. ROBINSON. Actually, it's a shopping cart full, and it weighed in at 110 pounds.

Mrs. THURMAN. But the question is, how much of that is coming from OPM; how much of that is USDA duplication? Let me just go one step further with that. How much of that is laws that we've actually passed in Congress?

Mr. ROBINSON. Obviously, a fair proportion of it is centralized direction from OPM. Andy has been involved in a pretty detailed fashion with that.

Mr. FINKEL. We didn't weigh how much of the 110 pounds is OPM's and how much is USDA's. USDA is trying to lead us to believe that most of it is OPM, but they have admitted, after Mr. Espy asked some pointed questions, that a lot of the paperwork is duplicative. The individual agencies have their own personnel offices which set up their own regulations.

Secretary Espy has put a moratorium on any new regulations, and he has promised to go in there and try to weed out the duplicate forms and regulations.

Mr. CONDIT. Thank you folks very much. You have been very kind to spend this much time with us, and we appreciate it.

Mr. ROBINSON. Thank you very much.

Mr. CONDIT. We will have some followup questions, and we will submit those to you in writing.

We will take the second panel. As you come up, just remain standing, we will swear you in.

[Witnesses sworn.]

Mr. CONDIT. Please be seated.

We will allow all of you to make your statements. You can either read them or you can paraphrase them, and your statements will be included in the record. Any additional information you want to add, you have up to 14 days to do that.

I would like to start with Mr. Swenson from Denver, CO. He is the president of the National Farmers Union. I know he has a scheduling problem, so we're going to let you go first.

STATEMENT OF LELAND H. SWENSON, PRESIDENT, NATIONAL FARMERS UNION, DENVER, CO

Mr. SWENSON. Thank you, Mr. Chairman and members of the committee.

I am Leland Swenson, president of the National Farmers Union. I appreciate very much the opportunity to testify before you today on the reorganization of the USDA. I would submit for the record my testimony and summarize it.

Much of the focus, really, in reorganization of the USDA began with the effort to consolidate field offices. I commend Secretary Espy's action to suspend field office closing until USDA began to look at reorganization from the top down.

A lot of discussion this morning focused on the complexity of the programs that have been changed by legislative action without a

mandate for incorporation of a change in administration. Let me just say that much of the debate is focused on the agricultural sector where 40 percent of the USDA personnel are associated with the U.S. Forest Service. We think that, as we take a look at reorganization, we should look at it in its entirety.

Also, another factor that I think should be mentioned is that, when you take a look at the administrative structure and delivery of programs, we have the Farmers Home, which is Federal employees; we have the ASCS, which, in the local office, is hired by the local committee, and, really, their employment is based on that local committee decision; the same within the Soil Conservation Service. So all the employment is not at the authority of the Secretary within the structure of the Department of Agriculture and its delivery of programs.

I guess we would strongly talk about support for coordination, the need for coordination of programs, not only internally, but within the different agencies of government. We see ASCS administering farm programs which drives down farm prices. At the same time, we have Farmers Home out here taking action on closing. And they are not knowing what each other is doing, what the economic impact is going to be if we do this with farm programs, what is going to be the impact on the outlays of the Farmers Home Administration, and will we suffer a loss.

Yet we have Congress then acting and putting on new user fees and new taxes on farm programs. So we tax farmers, we lower the support prices, and at the same time we wonder why we have a credit problem.

We take a look what has been mentioned in the closing part of the first round of testimony, the need for reduction and/or coordination of rules and regulations. We see what has happened in the last few farm bills, with new rules and regulations in regard to pesticides and insecticides and conservation compliance. It's more than just the delivery of dollars; it's the whole delivery of activities and programs that is now required to happen through USDA. We need to ease the paperwork on farmers as well as the personnel administering the programs.

I would say to you that a lot of talk has taken place as to USDA outlays and the public perception that it's that money that is expended in agriculture. Let me share with you something put together by CRS, an issue brief on the Department of Agriculture that shows that, in fiscal year 1992, most of the USDA outlays went to domestic food assistance programs, such as food stamps and school and other nutrition programs, 53 percent of USDA outlays. Only 28 percent went into the agricultural sector.

So I say to you that it gets back to, when we want to talk about reducing outlays and is that the mission of reorganization, it's really the economy, back to the quote that became popular during the debate. Until we can reduce the need for food assistance among the general population, then we can look at reducing the need for outlays within USDA.

Back to reorganization, I stress the need for Congress to make a commitment to modernize the technology, equipment, software, cross training within the USDA. I think you have a big challenge on your hands in the civil service area, as has been mentioned, in-

dividuals from past administrations burrowing in, helping create the monster, not only in USDA but other agencies that we have.

And we have to remember that just in USDA alone, out of the approximately 150,000 employees, 20 percent are in the field; 80 percent pretty much exist within the bureaucracy right here in Washington, DC, or the surrounding area.

I think, as we take a look at reorganization, I stress to you, we need to make a strong aspect, which is a minimal cost, and that is maintaining county committees. They do serve a tremendous purpose within ASCS and Farmers Home. I challenge you, in the reorganization, to provide greater flexibility to the county committees; in fact, even look at incorporating the county committees so we don't have an ASCS, and FmHA, that we look at the possibility of a couple ASCS, a couple Soil Conservation, a couple Farmers Home that are all on one committee.

If we're going to coordinate the programs, then coordinate the discussion within the structure of the county committee, but maintain the county committee.

And I just stress, as I have in my other comments, USDA is more than the delivery of dollars. It's really the delivery of programs, activities, and compliance with programs, assurances to consumers of the safest food in the world. We may focus, in the reorganization, on those things that are bad, but let me say that we've done a lot of tremendous things within USDA over the years in providing our consumers the safest food anywhere in the world, in its inspection programs.

We have done a lot in providing food to those that are needy and providing that assistance through food stamps, and WIC, and school lunch. We have done a tremendous job in our research, public research that has helped enhance our production. I wish we had had as much emphasis in the usage, because I see us right now focused on production, not on value-added usage, and now we're spending billions of dollars in rural development at a time when I think we could have done a lot of that through our public research and information base that could have sustained.

I say to you, in closing, as we look also at USDA reorganization, we have focused a lot in the downsizing of agriculture production, the downsizing of rural America. I think we need a new challenge in our USDA reorganization, and that is, if we're going to have rural development, how do we bring beginning young farmers back into agriculture?

The average age of farmers today is, I believe, over 55 years of age. What is going to happen in 10 years? What kind of structure are we going to have? How about value added, diversified new business with the commodities creating some jobs in rural communities? That needs to also be part of the debate of reorganization, to accomplish those missions.

Thank you very much.

[The prepared statement of Mr. Swenson follows:]



**NATIONAL
FARMERS
UNION**

STATEMENT OF

LELAND H. SWENSON

PRESIDENT, NATIONAL FARMERS UNION

BEFORE THE U.S. HOUSE GOVERNMENT OPERATIONS SUBCOMMITTEE

ON

INFORMATION, JUSTICE, TRANSPORTATION AND AGRICULTURE

IN

WASHINGTON D. C.

APRIL 22, 1993

Thank you. My name is Leland Swenson, I am the President of the National Farmers Union. The over-250,000 family farm members of our organization express appreciation to you, Chairman Condit, and to other members of the subcommittee for holding this hearing to receive comments and input on how reorganization of the U.S. Department of Agriculture would affect agricultural producers. This issue is very important to our farmers. In fact, 200 of our members traveled last June to Washington to discuss the possible USDA reorganization with members of Congress.

While the effort to improve USDA efficiency is commendable, National Farmers Union urges caution in making changes. And, NFU commends Secretary Mike Espy for reversing the policy of the last administration that had set in motion massive county office closures. We are especially concerned about consolidation or elimination of USDA field office operations. These current field offices include those for the Agriculture Stabilization and Conservation Service (ASCS), the Soil Conservation Service (SCS), the Farmers Home Administration (FmHA), and the Federal Crop Insurance Corporation (FCIC).

The past administration conducted a review of USDA, followed by a recommendation by Secretary Madigan that a total of 1,242 USDA offices across the country be closed. The potential number of office closures by agency were: ASCS, 567 (or 20 percent); SCS, 386 (or 13 percent); FmHA, 269 (or 16 percent); and FCIC, 20 (or 37 percent).

USDA had indicated there would not be an immediate fiscal gain by implementing the proposed closings. The department indicated that after five years, there might be a savings of \$100 million. However, there has been no cost-benefit analysis of this proposed action. It is not known how much the closings would affect the overall economic picture through loss of production, time, and expense for farmers who would have to travel further for USDA services. Nor was there any analysis of loss of business by local merchants as these farmers traveled to the new locations.

USDA's review found that there are 14,309 USDA field offices. Of that number, 7,405 are outlets for agencies that deal with the delivery of farm services at the county level. These are the offices that were reviewed by the past administration.

It is important to note that the past administration chose to review only the offices that serve producers. The U.S. Forest Service, which accounts for 40 percent of USDA and its Washington, D.C. office headquarters complex, was ignored.

The study of the field offices used six criteria to determine the need to keep the offices opened and included: 1) program delivery cost; 2) number of producers served; 3) complexity of programs administered; 4) geographic service area; 5) co-location; and 6) intensity of workload at the office.

NFU believes that the criteria for selecting offices for closures were flawed. The first and second criteria do not take into account the potential program size or number of farmer

clients per office based on better administration of the programs or future county needs.

The study was based on a snapshot of what the county offices were doing in 1991. There are many reasons why the county might not have had its full potential of farm program participants because of the benefits of the 1990 farm bill and the lack of outreach by the department. Likewise, the number of FmHA borrowers might not reflect the future potential use of that agency's programs as a result of older farmers retiring and the implementation of the "beginning farmer" legislation approved by Congress last year.

The most glaring fault of the study is that it did not look at how USDA itself should be restructured to better carry out its mission. Nor does the study call for cross-training of USDA employees or the reduction and simplification of paperwork required by producers who participate in USDA programs.

Consolidation of field offices in many states would only have the effect of increasing the distance between farmers and local services and assistance which are of vital importance to agricultural producers today. The farmer must be kept foremost in mind when considering proposals for reorganizing the department. Field offices should be kept within convenient reach of farmers and ranchers in the county, as now required by law.

A critical example of the need to maintain field offices occurred recently when the Farmers Home Administration sent out approximately 40,000 delinquency notices across the country. These very complex notices require action by the farmer within only 60 days in order for the borrower to preserve his rights. Many farmers and ranchers require field office assistance in complying. Just the instructions to be followed in completing the applications for re-structuring are 15 pages in length!

Local field office personnel again proved essential last spring when both farm program and disaster assistance signup took place during the same period of time. In fact, many staff members in field offices were required to work day and night to process the numerous forms required for participation.

Since 1972, five major farm bills have been enacted, each with increasing scope and complexity. In length alone, farm bills have grown from 29 pages to 719 in the 1990 farm bill. These new and more complicated farm programs, due to laws passed by Congress and rules promulgated by the administration, have included new conservation programs and cross-compliance requirements, among others.

Significant savings could be gained without closing offices if regulations were simplified. One of the primary goals of USDA should be to reduce the complexity of farm programs in order to simplify the administration of, and compliance with, their requirements, and to ease the paperwork for farmers and the persons who administer the program.

In your deliberations, we ask that maintenance of the local

farmer-elected county committee structure, which has been a strong point in the operation of USDA, be a foremost consideration. County committees have been very effective in administering programs, setting rules, and handling appeals.

County committee members receive very little compensation, so any reduction of their numbers would amount to only a minimal savings. Local involvement and familiarity with the needs of farmers and ranchers in the immediate area would simply not be there if the county committees were eliminated.

Members of Congress seemed to understand and agree with the need to keep services localized. Of the hundreds of visits paid by NFU members on Capitol Hill during last year's "fly-in," only six representatives and senators indicated that they favored eliminating the present county committee structure.

The County Office is the personification of the federal government at the local level. USDA is the people's agency. It is not a bunch of faceless bureaucrats; it's a friend and neighbor that staffs the local office and knows what is happening in the area. County committees must be preserved.

During a time in which Americans are expressing increased concern about the growth of the federal bureaucracy, preservation of these local committees should be an important consideration.

Some proponents of reorganization contend that restructuring is needed because there are fewer farmers today than when agriculture programs first began in the early 1930's. Even though there may be fewer farmers today, the number of acres which are farmed has not changed significantly. We believe this should be one of the criteria to be considered.

National Farmers Union agrees with provisions which would require the secretary to publish guidelines and solicit public comment on what criteria should be used for any reorganization proposal. We believe the value of a field office should not be measured only by comparing overhead costs to the amount paid in direct payments to farmers. USDA field offices perform many functions which have nothing to do with payments.

In addition, in order to improve delivery of services, National Farmers Union encourages you to solicit the views of those receiving the services as well as those who administer them at the local level. This would include the opinions of not only of farmers and ranchers and other users of USDA programs, but also of field personnel and county committee members.

Our organization has supported providing "one-stop shops," or co-locating USDA offices under one roof. In fact, a number of USDA field offices have already been co-located. In 1988, Secretary Yeutter advised the General Accounting Office that USDA field offices were fully co-located in 75 percent of the counties and partially co-located in another 13 percent, meaning that 88 percent of county offices are already co-located. We continue to strongly believe, however, that the offices should not be regionalized.

Before any field offices are closed, we must insist that the USDA in Washington, D.C., and its bureaucracy be placed under the same microscope as the field offices which provide direct services to farmers. We should not overlook the fact that of the approximately 150,000 USDA employees, only 20 percent are located in field offices. Forty percent are employees of the U.S. Forest Service, and another 20 percent occupy offices in the Washington, D.C. bureaucracy.

To summarize, the National Farmers Union strongly supports continuation of an autonomous, well-trained county committee system.

Cost savings could be accomplished by streamlining the administration and reducing the complexity and paperwork required by current farm programs.

We oppose the use of arbitrary measures of the value of any office, such as comparisons of overhead and dollars paid in deficiency payments.

NFU strongly urges those who wish to streamline USDA to include all offices, including the Washington, D.C., headquarters. Consideration of reorganization should take place in an orderly fashion, following additional full and complete field hearings throughout the country involving farmers and others who use USDA programs as well as field office personnel who deliver these services at the local level.

Thank you for your time and consideration. I would be happy to answer any of your questions.

Mrs. THURMAN [presiding]. Dr. Carpenter.

STATEMENT OF ZERLE L. CARPENTER, ASSOCIATE DEPUTY CHANCELLOR FOR AGRICULTURE AND DIRECTOR, TEXAS AGRICULTURAL EXTENSION SERVICE, TEXAS A&M UNIVERSITY SYSTEM, COLLEGE STATION, TX, REPRESENTING THE NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

Dr. CARPENTER. I am Zerle Carpenter, and I am associate deputy chancellor for agriculture and director of the cooperative extension system for the State of Texas. In addition, it's my privilege to currently serve as chairman of the extension committee on organization and policy within the National Association of Land-Grant Colleges and Universities.

Yes, we are users of the Department of Agriculture. On behalf of ECOP, I would say it's my real pleasure to have a part in this session to discuss the role, the functions of the cooperative extension system, and also the possible organizational strategies which might prove helpful to this subcommittee that oversees the operations in terms of the government reorganization.

The cooperative extension system links USDA to the people and the communities across the Nation through its 72 land-grant universities in the 50 States, 6 territories, and the District of Columbia. Its mission is to help people improve their lives through educational programs that focus on scientific knowledge and contemporary problems, to focus on those issues confronting the people, those needs facing the people in their businesses and communities.

The partnership of the cooperative extension system is leveraging the Federal investment through State, local, and other private and public resources. So, consequently, this cooperative extension system is comprised of Federal, State, and local staffs that cooperatively plan, implement, and evaluate extension educational programs.

The partnership currently leverages \$426 million Federal with an additional \$1 billion from State and local sources. Also, it should be understood that, in addition to this, the land-grant universities and the local governments also provide substantial resources in terms of offices, laboratories, buildings, utilities, support personnel, equipment, and other contributions.

Madam Chair, I would like to include in the testimony my full written report but would, in fact, place only some emphasis on a few points, for purposes of brevity.

The cooperative extension system has been engaged in an extensive planning process now for several years and has literally been reinventing itself almost annually. In 1987, the cooperative extension system was engaged in a major futuring enterprise, the report of which I will provide to the clerk for this committee.

In addition, the cooperative extension system has continued to engage in futuring activities with clientele bases to determine needs at the local level, and incorporating these into national initiatives on behalf of the USDA Extension Service, and literally placing issues, such as water quality, as a major part of the agenda.

I would like to convey to you and this committee the changing, growing, and vitally important mission cooperative extension is fulfilling in communities, the States, the territories, and the Nation. Unfortunately, there are some who either misunderstand cooperative extension's mission—and we've heard quite a bit about mission today—or want to limit it in a much diminished role than it is today, as it has gone about looking at the needs of people.

While the system has been undergoing significant change, some critics, including public officials, continue to think of cooperative extension in a very narrow perspective. Even some of those who advocate reinventing government judge the system as unchanged and serving only a small segment of the American population. This simply is not the case.

I believe that cooperative extension should be held up as a model of how the agencies might serve America's people and institutions and that they can collaborate together to achieve objectives that truly serve the citizenry. I believe that the system should not be dismantled. However, we do have some recommendations, as this committee and as the Secretary consider any restructuring or reinventing of the Department of Agriculture.

Extension's interest in the potential restructuring is based on the need to effectively fulfill its educational mission with an issue-based program driven by people's needs. Because of the variations in both needs and organization of decisionmaking within individual States in the cooperative extension system, the organizational structure for delivering cooperative extension programs varies widely. Thus, any structure within the Department needs to facilitate the agency's ability to maintain effective linkages to State programs.

There are a number of principles included in the testimony that I should like to mention. The mission and function should be a primary criterion for reorganization of USDA. There is a need, then, for different agencies or divisions of USDA to perform their separate and needed missions, as viewed by the people and the Congress.

The land-grant university partnership is critical to food and fiber production, to rural development, environmental protection, and other significant societal and economic issues. This relationship for extension and for the USDA should continue.

Finally, for the national cooperative extension system to function efficiently, we believe a USDA-based Extension unit is necessary. The current USDA unit consumes less than 4 percent of the total Federal budget for ES-USDA. The other part of the budget, in fact, is collaboratively leveraged with local and State resources. We believe, however, ES-USDA is needed for the system to have a national cooperative extension system that ties the States and land-grant universities together in their educational enterprises.

Mr. Chairman, there are a number of possible scenarios that you well know have been suggested for repositioning cooperative extension in a restructured USDA. I would like to mention three of these and respond to recent legislation under H.R. 1319.

Mr. CONDIT. Dr. Carpenter, before you proceed ahead, I want to apologize to you. I have had a request. Mr. Swenson has to leave,

but Mr. Thomas and Mrs. Thurman have questions they would like to ask him. Could I put you on hold?

Dr. CARPENTER. Sure.

Mr. CONDIT. We will get back to you, and we have questions for you as well.

Dr. CARPENTER. Certainly.

Mr. CONDIT. I'm going to turn to Mr. Thomas.

Thank you, Mr. Swenson, for coming back. I appreciate it.

Mr. THOMAS. You're very nice.

Thank you, Mr. Chairman.

I certainly couldn't agree with you more on the paperwork question. Just a couple of very quick ones. We noted this morning that some 40 more percent of the dollars there are food assistance. Would you suggest that that be separated out from the Department of Agriculture?

Mr. SWENSON. Mr. Congressperson, no.

Mr. THOMAS. Why?

Mr. SWENSON. I think it's an integral part of providing food to American people in need. We had a system in the past where there was abuse within the system, and we changed and restructured the food assistance program to make sure that food stamps were associated with food. That has enhanced that program. It enhances its association with agriculture and production of food and fiber. And I strongly support maintaining it.

Mr. THOMAS. How about the rest of the food welfare program, should it be there too?

Mr. SWENSON. I think it should all be incorporated together.

Mr. THOMAS. You should take it away from health and social services?

Mr. SWENSON. No, leave it within the Department. Well, I'd like to see it within the Department of Agriculture.

Mr. THOMAS. Would you really?

Mr. SWENSON. Yes, I would.

Mr. THOMAS. Well, that's interesting, because most producers complain that here's this large expenditure, and everyone perceives that it's going to farmers and ranchers.

Mr. SWENSON. Well, Mr. Congressperson, we need to make sure that the Secretary advocates the benefits of providing food to those in need and creates a more positive image in the public of that service.

Mr. THOMAS. I'm sure we need to do that. Very quickly, then, you mentioned the measure of value you would use on the offices and so on, what are some of those measures?

Mr. SWENSON. I think you take a look, Mr. Congressperson, on the conservation programs, both within now the new coordination needed within wetlands, within Sodbuster, that are tied to not only environmental concerns and conservation but also tied then to compliance—

Mr. THOMAS. But every office does that.

Mr. SWENSON. Every office does it.

Mr. THOMAS. So how would you select which ones may not have as high a priority?

Mr. SWENSON. I think you have to evaluate the priority per region, per area of the country, and that's why I talked about inflexibility.

Mr. THOMAS. Well, would you do it on mileage, would you do it on load, would you do it on number of acres, number of participants, how would you do it?

Mr. SWENSON. I think you have to take a look at acres involved in the different programs, because that's one area that hasn't changed. We may have less farmers from what we had 20 years ago, but we have about the same amount of acres that are involved in agricultural production.

Mr. THOMAS. That was the followup question I had. You noticed, also, on the chart, we've gone from 50 percent in agriculture to 2, but you sort of indicated we need the same sort of support mechanism.

Mr. SWENSON. That's right.

Mr. THOMAS. How do you justify that to the public?

Mr. SWENSON. I think you justify it, both in understanding and in explanation to them, congressperson, that there are as many acres involved in production of agriculture, that we are involved in monitoring and are making sure we are in compliance with the different programs and participating within the programs.

Mr. THOMAS. Though most of the load is by the number of participants. I mean, it doesn't take any more to do 100 acres than it does 20 acres on most programs. I don't disagree with you, but I think it's a little difficult to think that you're going to educate people to say, "You had 50 percent of the population in agriculture, now you've got 2, but you need the same mechanism to deal with it," don't you?

Mr. SWENSON. Well, the mechanism, congressperson, can stay the same. The efficiency of delivering via that mechanism can be improved.

Mr. THOMAS. Thank you.

Mr. CONDIT. Mrs. Thurman.

Mrs. THURMAN. Maybe this goes along with that, but you're a customer of USDA, and your association is a customer of USDA. If we looked at the coordination chart that they used this morning with biotechnology, rural development, marketing, water quality, I would put in some environmental issues, all of those kinds of things, what has been your experience with USDA in getting the information necessary because of the crossover? I mean, are they getting a runaround? Are they getting good information? Is it coming quickly? What has been the experience?

Mr. SWENSON. The experience, and I would think it's fairly even across the board, has been, No. 1, there has been a lack of coordination in the timeliness and in the information that is provided to the different offices in the delivery of the programs. One office has one piece of information, and a different office has a different type of information. There has not been the coordination.

Second, in the timeliness of that information, many offices read about it in the paper before they get the information down from the USDA because of the time span it takes to put the final rules and information together. So there is more information available via the public press than there is via the system.

So that's why I wholeheartedly support the modernization of the technology, the software, the computers, the hardware, so that the information is coordinated and timely. But it's a real mess because of the lack of coordination at the top.

Mrs. THURMAN. Mr. Swenson, since we're talking about the mission and concerns of where USDA goes in the future, the kind of question that I would like to ask you is, what would make the USDA—or what kinds of issues are your farmers facing that we could help the Secretary in making some final decisions? Are they environmental? Are they water quality? Agriculture has changed, and the technology has changed, and all other kinds of things have changed.

What can we do to give the farmer—or what kinds of information is the farmer looking for from us?

Mr. SWENSON. First of all, it's price for the commodities they produce. That's the sustainability of their operation.

Mrs. THURMAN. The bottom line.

Mr. SWENSON. The bottom line. Second is credit availability via the pricing support mechanism and the assurance of being able to have, with good management techniques, which is the responsibility of the producer, still be able to sustain, if there is access to credit, reasonable credit, and there is some stability within the pricing structure of agriculture. And that is impacted significantly by the Department of Agriculture.

Then it comes to the area of rules and regulations, not only in association with the farm program itself, but also in association, then, with all the other areas you talked about. Environmental concerns have now come back to impact the support price structure, yet there seems to be a lack of coordination and definition, for example, on wetlands, between the different agencies and even within the Department out into the country. So better coordination in that area.

Mrs. THURMAN. Would it also help with better coordination within the Department of Agriculture with States as well as with their environmental agencies too?

Mr. SWENSON. Absolutely. You need coordination not only within the Department of Agriculture but within government, EPA, and Food and Drug Administration, and other areas, better coordination, especially in rules and definitions. That's where we have the Corps of Engineers with one definition, and you have the Department with another definition, and you have EPA over here with a different definition.

Nobody is bringing it together to get to one definition, so how are you ever going to have the same interpretation out in the country. That's one of the big problems that we have, and that's just one example.

Mrs. THURMAN. Mr. Chairman, can I say just one more thing.

Mr. CONDIT. Certainly.

Mrs. THURMAN. Let me give you a thought. In Florida, a couple of years ago, I was involved with a piece of legislation for aquaculture. Aquaculture was an issue that they had to go to the Fish and Game Commission, they had to go to DER, they had to go to DNR, they had to do a lot of agencies. We put in a piece of legislation and passed it that established an intercoordinating council of

the different agencies that pulled them all together in a risk management group where, for example, an aquaculture farmer could come in and do one-stop permitting, and get all of his answers at one time.

Would that be beneficial to look at some kind of a coordination that way?

Mr. SWENSON. I would support coordination in certain areas, then also, within that coordination at the Federal level, setting an objective with the flexibility that it be enacted in different States within that structure. Because what you have—let's just take the wetlands situation. It's significantly different in North Dakota than it is in Louisiana.

Mrs. THURMAN. Or in Florida.

Mr. SWENSON. And yet we have the same bureaucracy trying to enforce it. So use the same enforcement and compliance requirements in North Dakota that you do in Louisiana, and you have a tremendous difference. So I think, if you have a goal or objective, and then allow some flexibility within that structure of the State operation to achieve the goal, and it can be done by a different manner.

So I think coordination can take place at both levels.

Mrs. THURMAN. Thank you.

Mr. CONDIT. Mr. Swenson, thank you very much. Thanks for coming back.

Mr. SWENSON. Thank you.

Mr. CONDIT. Dr. Carpenter, I apologize to you. I needed to do that on behalf of the members who needed to ask questions of Mr. Swenson. So you were going to make us three recommendations, I believe that's where we were.

Dr. CARPENTER. Yes, sir, Mr. Chairman. No problem.

I wanted to review the restructuring options that have been laid out at different points and review some of the principles associated with the options. One, of course, is an option, to place the extension service in a subcabinet unit with regulatory and farm service agencies.

Obviously, there is the potential for improved coordination between the educational role of extension and the regulatory and service role of these agencies that provide direct service to the users. We would submit that we have a high level of success in providing the educational programs associated with the regulatory options that farmers may have.

However, there is a strong potential for reduced State and local government and clientele support, if they perceive that the broader expectations of extension—those beyond farm programs—will not be met in this type of structure. There are several other concerns I have submitted for the record.

Another proposal is that of the placement of extension in a subcabinet unit with other science and research agencies, similar to the organizational structure currently in place. This structure would provide the potential for strong coordination of research and Extension at the Federal level, recognizing the importance of science-based and user-driven research and extension education programs, and a clear demonstration of ES and its related State extension units as a science-based organization.

However, there is the potential of a major reduction of outreach mission through suggested mergers with ARS, CSRS, and/or others, and a substantial reduction in funding if similar legislation—H.R. 1122—were passed by Congress.

A third option provides for the placement of Extension Service with other education, information, and outreach units of USDA; in other words, creating a subcabinet unit for education and outreach that would include extension and other agencies or units with educational and information missions and would designate ES as one of the primary educational units within USDA.

Other potential agencies and programs could include, for example, education and outreach components of the National Agriculture Library, higher education, ACS, Human Nutrition Information Service, and others. Such a structure would provide consistency with reorganization of the Department based upon function, if, in fact, reinventing the Department is going to be based on function. And there would be a potential to enhance cooperation among USDA agencies with educational responsibilities and perhaps increase efficiency.

There would be, however, a separation, in this case, from the agricultural research entities of CSRS, ARS, ERS at the Federal level.

H.R. 1319, envisions still another scenario, and that would place cooperative extension under the jurisdiction of at least four Under Secretaries and would essentially dismantle the Extension Service administrative structure within USDA. The impacts of that, as associated with the State programs, cannot be accurately assessed at this time, except you could see the potential loss in coordination and loss of local resources.

This bill also specifies that, over a 5-year period, a portion of USDA would be consolidated into the USDA agency, the farm services administration.

Respectfully, Mr. Chairman, I believe that this proposal appears to be based on a very narrow understanding of cooperative extension's mission and the audiences it serves. Extension and the research bases on which extension depends must be closely linked, if the land-grant university mandate is to be realized.

Throughout its history, we have assisted individuals, industry, and institutions in applying the scientific and technical knowledge of the universities' research enterprise to their problems and needs—in a functional relationship—that in fact has become the envy of many countries around the world.

At the national level, the Extension Service unit within USDA has made it possible for us to function as a system, as opposed to 72 separate entities across the land. We believe that elimination of the unit entirely would affect negatively the innovation, the coordination, and communication essential for developing timely and effective programs.

Mr. Chairman, there are two additional comments I wish to make that relate to information technologies of the Extension System, I believe the Extension System has been a leader within the USDA on information technology. Examples of this include satellite conferences nationwide to farmers, ranchers, and to the Cooperative Extension System in training our own employees. Second, the

electronic technology has, in fact, linked most all of our county offices in the land through the InterNet system and an electronic mail system.

For example, some 3 or 4 weeks ago the White House requested information or case studies associated with the Youth Summer Service Program and how Extension could collaborate in that effort. Within 24 hours, Mr. Chairman, the White House had delivered to them 1,500 pages containing 5,000 examples—representing virtually every region and every State in the Nation—of examples of where we can see youth serving the needs of the people in each State through voluntary service.

So we do have a system. We are pleased, also, that Secretary Espy has expressed a strong interest in this information delivery system. We would submit to you that there are some actions taking place that aren't necessarily antiquated.

[The prepared statement of Dr. Carpenter follows:]



NASULGC National Association of State Universities and Land-Grant Colleges

TESTIMONY

Before

**THE SUBCOMMITTEE ON INFORMATION, JUSTICE,
TRANSPORTATION AND AGRICULTURE**

of

**THE COMMITTEE ON GOVERNMENT OPERATIONS
U.S. HOUSE OF REPRESENTATIVES**

on

"Reinventing the U. S. Department of Agriculture"

Presented by

**Dr. Zerle L. Carpenter
Associate Deputy Chancellor for Agriculture and
Director, Texas Agricultural Extension Service
The Texas A&M University System
College Station, TX**

Chair

**The Extension Committee on Organization and Policy
National Association of State Universities and Land-Grant
Colleges**

April 22, 1993

Introduction

Mr. Chairman and members of the Subcommittee, I am Zerle Carpenter. I am the Associate Deputy Chancellor for Agriculture and Director of the Cooperative Extension System in the State of Texas. I also have the privilege of serving as the current Chairman of the Extension Committee on Organization and Policy (ECOP) within the National Association of State Universities and Land-Grant Colleges (NASULGC). On behalf of ECOP, it is my great pleasure to take part in this hearing to discuss the role and functions of the Cooperative Extension System (CES) and the possible organizational strategies which might prove helpful to the Subcommittee as it oversees operation of the Department of Agriculture.

Background

Mr. Chairman, the Cooperative Extension System links USDA to people and communities across the nation through 72 land-grant universities in the 50 states, six territories, and the District of Columbia. Its mission is to help people improve their lives through educational programs that focus scientific knowledge on contemporary problems, issues and needs facing people, businesses, and communities. Cooperative Extension differs from a line agency; rather, it is a three-way partnership between the Extension Service-USDA, the land-grant universities and local units of government. The partnership results in a three-way leveraging of the federal investment through state, local and other public and private resources.

Cooperative Extension is comprised of federal, state, and local staffs that cooperatively plan, implement, and evaluate Extension education programs. This partnership currently leverages 426 million federal dollars into an additional \$1 billion from state and local sources.

It should also be understood that, in addition, land-grant universities and local governments also provide substantial resources--offices, laboratories, buildings, utilities, support personnel, equipment and other contributions.

Cooperative Extension is further strengthened by the outreach and activities of approximately 3 million volunteers, who contribute their expertise in areas from demonstrating agricultural practices and technology and urban gardening to financial counseling and family life education to leading 4-H and other activities for youth.

In addition, Cooperative Extension is linked through Internet across the system and has pioneered use of distance education and information technologies, through AG*SAT and other telecommunications, to bring knowledge to the people, especially in rural areas. Further, Cooperative Extension is facilitating collaborative ventures among institutions of higher education including community colleges, schools, small businesses, manufacturers, and medical and health services in local communities and in statewide telecommunications networks.

Program Development

The Extension System's educational program priorities and initiatives are set by elected and appointed representative bodies at the local, state and national levels. Extension programs are carried out by each of the land-grant colleges and universities to respond to the unique, as well as the common, needs of the people of each state. The essential unified federal component of this cooperative structure (Extension Service-USDA) provides for coordination and leadership on national priorities set by Congress and the Administration.

Strategic planning is an ongoing activity in Cooperative Extension. National leadership for strategic planning is provided by the Strategic Planning Council (SPC) in an advisory capacity to ECOP and ES/USDA. The SPC is the key group in synthesizing information about the future, the ever-changing societal environment, and the capacities of the national Cooperative Extension System. The SPC identifies and assesses issues consistent with Extension's mission. It solicits and synthesizes information from futuring panels, external scanning processes and national advisory councils. At the State and county levels, similar structures and processes are in use to involve citizens, staff and relevant collaborators in strategic planning.

Reinventing Cooperative Extension

Since 1914, when the Smith-Lever Act created the Cooperative Extension System, CES has served farmers, families, communities, consumers and businesses. In recent years, Extension has focused on societal, economic, scientific and technological issues in the areas of agricultural profitability and sustainability, water quality, youth at risk, consumer issues, human health and nutrition, waste management, and community economic development.

Over the past six-to-seven years, the CES has been in the process of reinventing itself, as it has throughout its history. The focus of the change has been the move to issues-based programming. With increased intensity through the strategic planning process to identify the most time sensitive and critical societal issues, Cooperative Extension has focused substantial resources on issues affecting children, families, the environment, and consumers, while continuing to serve the emerging needs of agriculture.

Mr. Chairman, I have attempted to convey to you and this committee the changing, growing and vitally important mission Cooperative Extension is fulfilling in communities, states, territories, and the nation. Unfortunately, there are some who either misunderstand Cooperative Extension's mission, or want to limit it to a much diminished role. While the System has been undergoing significant change, some critics, including public officials, continue to think of Cooperative Extension in a very narrow perspective. Even some of those who advocate "reinventing government" judge the System as unchanged and serving only a small segment of the American population. This simply is not the case.

I believe, Mr. Chairman, that Cooperative Extension should be held up as a model of how federal agencies serving America's people and institutions can operate to achieve their objectives and truly serve the citizenry. This unique educational system should not be dismantled or required to fit outdated notions of Cooperative Extension's mission or constituencies. Therefore, I have a number of recommendations about how the Extension Service should be considered in any restructuring or "reinvention" of the Department of Agriculture.

Principles for Restructuring

Extension's interest in the potential restructuring of USDA is based upon the need to effectively fulfill its educational mission with an issue-based program driven by people's needs. Because of the variations in both the needs and organization of decision-making within individual states in the Cooperative Extension System, organizational structure for delivering CES programs vary widely. Thus, any structure within the Department needs to facilitate the agency's ability to maintain effective linkages to State programs. Therefore, we believe that the following principles are important to consider in any structural reorganization of USDA:

1. Mission and function should be the primary criterion for reorganization of USDA. Its respective agencies are responsible for functions including education, research, regulation, conservation, marketing, economic forecasting and food assistance.
2. For Extension to continue to be effective in its primary mission--education--it must be seen by clientele as a credible, unbiased organization providing science and knowledge-based solutions to critical problems.
3. Enhanced collaboration with other federal agencies and departments is necessary for Extension to maintain a broad-based program focused on the highest priority needs and issues facing people.
4. There is a need to retain flexibility for CES to respond to critical issues in a timely manner.
5. There is a critical need to retain the tremendous networked communication capacity that CES has built in the past several years. Cooperative Extension has become a part of the developing national information infrastructure that serves the American public directly and through cooperating and partnering with other organizations and agencies.

6. The USDA-land grant university partnership is critical to food and fiber production, rural development, environmental protection, and other significant societal and economic issues. This relationship should continue.
7. The research, extension and education functions have many commonalities, both in constituencies and in functional relationships. Structural relationships should support collaboration and cooperation among all relevant units, both within and outside the Department.
8. Finally, for a national Cooperative Extension System to function efficiently, a USDA-based Extension unit is necessary.

Restructuring Options

There are a number of possible scenarios that have been suggested through legislation and Departmental proposals for the placement of the Extension Service in restructuring USDA. I would like to discuss three of these, and then respond to the legislation proposed by Rep. Daniel Glickman (H. R. 1319).

1) Placement of Extension Service in a Subcabinet Unit with Regulatory and Farm Service Agencies (e.g., FmHA, ASCS, SCS, FCIC)

It would provide:

- The potential for improved coordination between the educational role of Extension and the regulatory/service role of agencies that provide a direct service to selected users (agricultural producers).
- Potential for increased collaboration and coordination of programs and services at the local level.
- The potential to restrict the program to agriculture and reduce the current collaboration with other federal units (i.e., ARS, CSRS, FNS, HNIS).
- The strong potential for reduced state and local government and clientele support if they perceive their broader expectations, beyond farm programs, will not be met.
- Separation and the potential for reduced coordination between research and extension at the federal level.

- Potential perceptions of "regulation" as a role for ES, and thus the potential for negative perceptions of ES objectivity and credibility based on close association with regulatory agencies. At the state and local level, both funding and effectiveness could be jeopardized by this association with regulatory activities.
- 2) **Placement of Extension Service in a Subcabinet Unit with Other Science and Research Agencies (e.g., CSRS, ARS, ERS, NAL)**

This structure would provide:

- The potential for strong coordination between research and extension at the federal level, recognizing the importance of science-based and user-driven research and extension education programs.
 - A clear demonstration of ES and its related state extension systems as a science-based organization.
 - Potential to enhance the transfer and application of relevant technology from the several research units within USDA.
 - Potential reduction in program scope and loss of the strong state/local support base. If ES programs are defined only within the context of the current agricultural research agenda, it may limit responsiveness on contemporary issues such as community, economic, environmental and family needs.
 - Potential of major reduction of outreach mission through suggested mergers with ARS and CSRS.
- 3) **Placement of Extension Service with Other Education Information and Outreach Units.**

Creating a new Subcabinet unit for Education and Outreach that would include Extension and other agencies/units with educational and information missions would designate ES as the primary educational unit of USDA. Other potential agencies and programs would include, for example, the education and outreach components of the National Agricultural Library, Higher Education, Agricultural Cooperative Service, Human Nutrition Information Service, Agriculture in the Classroom, and others.

Such a structure would provide:

- Consistency, with a reorganization based on function.
- Potential to enhance cooperation among USDA agencies, with educational responsibilities and increase efficiency among USDA outreach activities.

- A user-friendly source of information and education from throughout USDA (and other agencies) for clientele, including producers and consumers.
- Enhanced USDA capacity to lead and collaborate on outreach and education with other federal departments and agencies that could benefit from using the CES delivery system (e.g., the Departments of Commerce, Health and Human Services, Education, Housing and Urban Development, Interior, Labor, and Energy, the Environmental Protection Agency, the National Science Foundation, and the National Institutes of Health).
- Separation from agricultural research entities (CSRS, ARS, ERS) at the federal level.
- Enhanced ability to deliver a broad-based program responsive to national, state and local needs.

4) **Reorganization under H. R. 1319.**

Rep. Daniel Glickman has introduced legislation, H. R. 1319, that envisions still another scenario. H. R. 1319 would place the functions of Cooperative Extension under the jurisdiction of at least four undersecretaries, and would essentially dismantle the Extension Service administrative structure within USDA. The bill also specifies that over a five-year period a portion of ES-USDA would be consolidated into a new USDA agency--the Farm Services--Administration along with ASCS, FCIC and farmer lending programs of the Farmers Home Administration.

Respectfully, Mr. Chairman, I believe that this proposal appears to be based on a very narrow understanding of Cooperative Extension's mission and the audiences it serves. It assumes that Cooperative Extension clients are primarily farmers and agricultural producers. Cooperative Extension serves an audience that is far wider, as I have discussed previously. Its beneficiaries are in every state and in every county, city and town--everywhere that practical and research-based knowledge needs to be conveyed. I firmly believe that over the long term, the interests of agriculture and USDA lie with a broader constituency.

Extension and the research bases on which Extension depends must be closely linked if the land-grant mandate is to be realized. Throughout its history, Cooperative Extension has the assisted individuals, industry, and institutions in applying scientific and technical knowledge of the university's research enterprise to their problems and needs in a functional relationship that has become the envy of countries around the world. Breaking Extension and research apart ultimately would sever the important linkage that is the unique genius of the U. S. land-grant university.

At the national level, the Extension Service unit within USDA has made it possible for Cooperative Extension to function as a system, as opposed to 72 separate entities. Eliminating that unit will affect negatively innovation, coordination and communication

essential for developing timely and effective programs nationwide.

In addition, H. R. 1319 directs the Secretary of Agriculture to establish offices in administrative districts of more than one county, with some possible exceptions. This approach does not acknowledge the cooperative funding and statutory local-state-and federal level relationships in the System, and implies that the federal partner would become the ultimate decision-maker on activities and linkages at the state and local level.

Summary

Mr. Chairman, it is important that the placement of the Extension Service in any federal structure be designed to recognize the federal, state and local partnership and the best interests of the people in every state, who support the broad-based program of Extension. In this process, let me assure you that the Cooperative Extension System wants to contribute in every way possible to enhance the Department and serve the citizens' interests in a safe and adequate supply of food and fiber, the environment, and issues relating to healthy families and economically viable communities.

Mr. Chairman, on behalf of ECOP and the Cooperative Extension System, I once again thank you and the members of this Subcommittee for allowing me to testify today. We look forward to working with you on what we consider to be one of the most important issues this Subcommittee will address in the 103rd Congress.

Mr. CONDIT. Thank you, Dr. Carpenter. You don't have a time problem. We have some questions for you a little bit later.

Dr. CARPENTER. Yes, sir.

Mr. CONDIT. Mr. Sullivan.

Mr. Sullivan is a staff attorney representing the Farmers' Legal Action Group.

**STATEMENT OF TIMOTHY J. SULLIVAN, STAFF ATTORNEY,
FARMERS' LEGAL ACTION GROUP, ST. PAUL, MN**

Mr. SULLIVAN. Mr. Chairman, members of the subcommittee, thank you for giving me the privilege of testifying before you.

I have been invited to discuss how the concept of appeals fits into the reorganization scheme. In my written testimony, I gave you a brief history of a long and tumultuous legislative reform process that we've been going through for years concerning USDA appeals.

Without rehashing that or belaboring that issue, the main problems that all of that process focused on really came down to two things. The first thing is, agencies that are allowed to administratively review their own decisions have inherent conflict of interest and bias to protect their own determinations. Any process that allows an agency to make that review determination is simply going to be compromised.

The FmHA process is the example that I used in my written testimony, although there have also been considerable legislative efforts to reform the ASCS appeal system. The point I made in the written testimony is that there were at least three major legislative reform attempts to create an independent appeal process within the agencies and try to insulate that appeal system from the farm program division in those agencies.

We have seen, in the past testimony before this committee and before the Agriculture Committee in the Senate, a tremendous amount of documentation of the continuing problems. Those issues were not resolved, simply because the agencies had an internal resistance to the process.

The second thing that we identified as a major area with the appeal system is the interrelated nature of agencies within the USDA that have separate enforcement and implementation responsibilities that tie together. I thought the testimony of Mr. Robinson this morning was extremely interesting, and one of the metaphors that stuck in my mind was the concept of a spaghetti flow chart and how everything crosses over and comes together and mixes together.

The example I used in my testimony is the conservation compliance enforcement provisions of the 1985 Food Security Act, which involve both SCS and ASCS. And I pointed out, how a determination by SCS, an initial determination, an enforcement determination under the conservation compliance provisions, concerning conservation plans, is related to determinations made by ASCS. SCS has responsibility to negotiate conservation plans with the farmer and see that the farmer, once they are signed, once that farmer's plan is in effect, see that that plan is complied with.

When SCS makes a determination that a farmer has not complied with that conservation plan, the moment that determination is made the farmer is in a position where he or she has to either

accept that determination or decide to fight it. And to do that you have to go through an appeals process.

So the first step is to take an appeal before SCS.

But, under the conservation compliance provisions, ASCS also has enforcement responsibilities, and their responsibility is to make the determination whether the farmer is complying with conservation requirements, a subtle distinction, but completely separate.

Automatically, when SCS makes the determination that a farmer is not actively complying with the plan, ASCS automatically makes a determination that the farmer has not complied with conservation compliance provisions and levies a very dramatic penalty, and that is that the farmer is no longer eligible for any USDA programs, very dramatic. The problem is, the farmer now has to go through another appeal in the ASCS system, because, under the existing USDA appeals process, every agency has its own appeal system. We call it a multiple appeals process.

You can see that the underlying facts and circumstances in the example I am making are exactly the same. So you're duplicating the appeals process by creating two appeal systems. You're making the appeals process inefficient and more costly, but, even more critical, the farmer cannot really deal with the most significant issue in the scenario I raised, because ASCS will not consider the SCS determination, which is the underlying basis for this whole problem.

So the ASCS appeal is virtually meaningless until the SCS appeal is resolved. And this can go further, because this farmer may be going to FmHA for an operating loan and depending on FmHA for that operating loan. FmHA makes the same determination that ASCS did, that because SCS has determined the farmer in non-compliance with the 1985 Food Security Act, he is no longer eligible for his operating loan application. A third appeal has to be raised.

That example is just one example of many kinds of scenarios that could develop, particularly as we develop into this next era of conservation compliance and environmental regulation in the agriculture field. So what we have is a very inefficient, very duplicative and costly, multiple appeal system right now.

We view the reorganization process as a tremendous window of opportunity to simply deal with the appeals problem once and for all, nice and clean and simple. And the way to do that would be to create a national appeals agency responsible for reviewing determinations by all USDA agencies.

Now, there has been legislation introduced in the last year to create a national appeals division to cover five USDA agencies, their key farmer service agencies: ASCS, SCS, FmHA, CCC, and the Rural Development Administration [RDA]. The point I would want to make is that taking the step of creating an independent national appeals agency right now would be most effective if we simply went all the way and said what you have is an agency that can review any USDA determination.

One thing I'm working on currently is the Organic Food Production Act of 1992. Just as an example of the kind of thing that's coming down the pike, in that act there are some very ambiguous provisions about how the administrative appeals process will func-

tion under that act. And I'm doing a lot of work to try to procedurally set up safeguards and a process that would adequately handle the needs of producers, organic producers, and handlers, and anybody else who might be adversely affected by an agency determination.

The point is, if there is a single USDA appeals agency, we wouldn't really even have a problem, as I see it. This whole thing would simply fold into it, and everything would be taken care of rather nicely.

So we're here to strongly recommend that a national appeals agency be adopted in any reorganization plan.

[The prepared statement of Mr. Sullivan follows:]

Testimony of
Timothy J. Sullivan
Farmers' Legal Action Group, Inc.
Before the
Subcommittee On
Information, Justice, Transportation,
and Agriculture
of the
Committee on Government Operations
April 22, 1993

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April 22, 1993

The Honorable Gary A. Condit, Chairman
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and Agriculture Subcommittee of the
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Dear Representative Condit:

Thank you for inviting me to present testimony at this hearing. I am a staff attorney with Farmers' Legal Action Group, Inc. (FLAG), a nonprofit organization that provides legal services to small and mid-size family farmers who have traditionally relied heavily on USDA programs. For eight years FLAG has worked extensively with USDA agencies, including the Farmers Home Administration (FmHA), the Agricultural Stabilization and Conservation Service (ASCS), and the Soil Conservation Service (SCS). FLAG has successfully represented thousands of farmers in USDA appeals and class action lawsuits to challenge illegal agency actions and enforce administrative procedural requirements. FLAG also provides legal education and training services to attorneys and agricultural organizations and has published educational materials and numerous articles explaining USDA programs, administrative appeal procedures, and legal issues affecting USDA program participants.¹ FLAG attorneys have traveled throughout the country working with other attorneys and agricultural organizations to address systemic problems within USDA agencies that affect large classes of agricultural producers.

During the past five years, I have personally assisted hundreds of farmers to help them resolve conflicts with USDA agencies. Much of my work has been focused on the FmHA and ASCS appeal systems, representing farmers in the appeals process and working with farm organizations and legislators to assist in the development of appeals reform legislation. I have had the privilege of testifying before Senate and House committees on

¹ FLAG attorneys have acquired specialized knowledge in a wide range of agricultural law areas, including credit, commodity programs, conservation compliance and wetland protection, sustainable agriculture, minority and beginning farmer programs, and the USDA administrative appeals process.

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previous occasions concerning the need for USDA appeal reform,² and I am continuing to work with these issues in the context of USDA reorganization proposals currently being considered by Congress.

I have been invited here today to discuss how USDA appeal reform issues fit into the USDA reorganization process, and I will primarily focus my testimony on this issue. However, I also want to take this opportunity to generally address the impact of USDA reorganization on family farmers and recommend general approaches to reorganization that would benefit small and mid-size agricultural producers.

General Comments On Reorganization

FLAG generally supports the concepts of USDA reorganization, and we encourage change that will help restore a stable family farming industry. In the past decade we have seen an alarming decline in a family farming system that has provided for this country since its inception. Contrary to the reports we have heard about economic recovery and profit in the agriculture industry, we are witnessing increasing economic hardship, and a sense of abandonment and despair has taken seed in our farming communities.

There are many factors contributing to this rural decline, but for farmers, the bottom line is price. The cost of production for most small and mid-size farmers is simply greater than the price they receive for the products they market. Gradually, these farmers are being squeezed out of business by incremental year-to-year losses.

Traditional agricultural lenders recognize this trend, and they are turning to alternative lending markets, leaving many farming communities without a source of credit for

2 On May 21, 1991, FLAG testified in a joint hearing before the Subcommittee On Agriculture Credit of the Committee On Agriculture, Nutrition and Forestry, United States Senate, and the Subcommittee On Government Information, Justice and Agriculture of the Committee On Government Operations, House of Representatives. On August 10, 1992, FLAG testified before the Senate Subcommittee On Agriculture Credit of the Senate Committee On Agriculture, Nutrition and Forestry. In my testimony, I discussed USDA appeal issues and made specific recommendations to correct existing problems with implementation of appeal decisions and the interference with appeals hearing officers by agency policy makers. The published text of the testimony presented at the May 21, 1991 hearing is available. S.H. Rg. 102-435, Joint Hearing Before the Subcommittee On Agriculture Credit of the Committee On Agriculture, Nutrition and Forestry, United States, and the Subcommittee On Government Information, Justice and Agriculture of the Committee On Government Operations, House of Representatives (May 21, 1991). The testimony presented at the August 10, 1992 hearing has not been published, but it will be published in the near future.

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operating capital. Young farmers cannot get started in the farming business, because credit is scarce and commodity prices are so low that those who manage to get started cannot make a profit. The average age of farmers is steadily increasing and, more often than not, when a family farmer retires, there is no one to carry on.

These are some of the challenges facing the new administration. Hopefully, as Congress and the new administration reshape the USDA, these issues will be given priority consideration, and USDA policies will reflect a new commitment to the preservation of a traditional family farming system that is edging closer to the brink of extinction.

On behalf of family farmers, and in the interest of the sustainable use of our food production resources, we make the following general policy and program recommendations:

- 1) The need for young farmers in the family farming industry is paramount. Investment of resources in targeted farm programs that provide low-interest credit and income support now will produce benefits and economic returns for generations to come. Income support programs should also be used to provide incentives and rewards to young farmers who wish to apply sustainable agriculture methods and practices in their farming operations.
- 2) Target commodity programs to small and mid-size producers by tightening the "entity rule" under the payment limitation rules and allowing more flexibility in crop rotations and diversification of farming operations.
- 3) Reestablish and increase direct low-interest loan programs to provide operating capital and farm ownership loans to small and mid-size family farmers. Increase appropriations for interest assistance guaranteed loan programs, and actively promote the guaranteed loan program by educating private lenders about the advantages of the guaranteed loan program.
- 4) Increase appropriations for the minority farm program. The tragic loss of minority farmers over the past 50 years is staggering. Restoring those losses to the extent possible should be a top priority.
- 5) Integrate conservation compliance programs and environmental regulations. Make these programs voluntary and incentive oriented, and link incentives to income support programs for small and mid-size family farmers.
- 6) Invest resources in community development programs that will help farmers develop local agriculture, food processing, and marketing business. Helping farmers get a piece of the "value added" food industry will have a stimulating economic impact on rural communities in general.

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- 7) Support a fair international trade agreement. Initiate side agreements to NAFTA that will assure the rights of federal, state, and local governments to regulate environmental standards and provide government support to encourage practices that assure a safe domestic supply of food to American consumers.
- 8) Establish policies and procedures that enable USDA employees to learn and understand the rules and regulations of the programs they administer.
- 9) Establish an independent national appeals agency to review adverse determinations made by all USDA agencies.

Why We Need an Independent USDA Appeals Agency

I am coming before this Committee with a new sense of hope that after years of turmoil, frustration, and disappointment, the efforts of Congress to improve the USDA appeals process will at last be taken seriously by the USDA officials responsible for the implementation of legislative appeal reforms. Secretary Espy has demonstrated his commitment to improving the USDA appeals process, and his knowledge of USDA appeals issues and support for an independent USDA appeals agency is welcome.

Since 1985, Congress has passed a series of legislative acts in an attempt to correct systemic procedural problems in both the FmHA and ASCS appeal systems. Unfortunately, these appeal reforms have failed, largely because of the entrenched resistance of agency officials and employees. The heart of the problem with both the FmHA and ASCS appeal systems has been the lack of independence and neutrality in the administrative review process.

History of FmHA Appeal Reforms — A Classic Example of Inherent Conflicts of Interest

In 1985, when Congress made its first attempt to correct serious procedural problems in the FmHA appeal system, FmHA had an informal appeals process that lacked even the most basic procedural safeguards. FmHA routinely failed to adequately explain adverse determinations to affected borrowers, making it difficult, if not impossible, to question or challenge the basis for the determination. Furthermore, FmHA failed to notify affected borrowers that they had a right to an appeal. As a consequence, many borrowers accepted agency determinations that they knew were wrong simply because they were unaware of their rights. FmHA borrowers with enough diligence to question the agency and aggressively pursue an appeal found themselves in a system that allowed the original decision-making employee to conduct the administrative review of his/her own decision.

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All of this was occurring in the backdrop of the agricultural credit crisis of the mid 1980s when thousands of family farmers were struggling desperately to hold on to their life's work. After initiating collection actions against thousands of borrowers without following regulatory procedures, FmHA became embroiled in controversy.

FmHA borrowers filed a successful class action lawsuit against FmHA to enforce their procedural rights, exposing systemic problems that prompted congressional hearings.³ Frustrated and shocked by FmHA's blatant disregard of FmHA borrowers' procedural rights and a fundamental lack of fairness in the FmHA appeals process, Congress included FmHA appeal reform provisions in the Food Security Act of 1985 in an attempt to correct the problem.⁴

The appeal provisions in the Food Security Act of 1985 required FmHA to provide borrowers with written explanations of adverse determinations and written notification of appeal rights. This was a step in the right direction, and borrowers increasingly stood up for their rights by challenging adverse determinations. However, the Food Security Act of 1985 did not address the "internal review" issue, and, consequently, appeals problems continued.

In 1987, Congress recognized the nature of the problem and the seriousness of the situation. Realizing that FmHA borrowers were not being treated fairly under the existing appeal system because of the lack of independent and neutral hearing officers, Congress again passed appeal reform legislation to address the problem. The Agricultural Credit Act of 1987 included appeal reform provisions that established the FmHA National Appeals Staff (NAS).⁵

The point of the NAS was to separate the roles of decision-makers and hearing officers within the agency. Theoretically, the NAS was designed to function as an independent division within FmHA, free from the influence and control of the "farm program division."

In reality, the NAS was subjected to intimidation orchestrated by high-level FmHA officials to strip the NAS of its independence and force hearing officers to uphold FmHA

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- 3 *Coleman v. Lyng*, 663 F. Supp. 1339 (D.N.D. 1987). The *Coleman* case was a class action lawsuit filed on behalf of delinquent FmHA borrowers. Although the case was originally filed in the early eighties, the case dragged on for years, and the court issued an injunction to stop FmHA foreclosure actions in 1987. The injunction was lifted after the implementation of the debt restructuring provisions in the Agricultural Credit Act of 1987. Pub. L. No. 100-233.
 - 4 Food Security Act of 1985, Pub. L. No. 99-198, § 1313, 1985 U.S. Code Cong. & Admin. News (99 Stat.), 1354, 1525-26.
 - 5 Agricultural Credit Act of 1987, Pub. L. No. 100-233, § 608, amending 7 U.S.C. § 1983d.

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policies and determinations made by FmHA farm program employees.⁶ The situation became so intolerable that the director of the NAS, Ms. Pamela Dillon, resigned in protest.⁷ Ms. Dillon openly stated in congressional hearings that she resigned because she could not function independently under the existing FmHA administration because of the agency's efforts to undermine and intimidate the NAS.

Looking back, it is striking to note the incredible resources expended in this legislative reform effort and the tragic failure of that effort. After hearing the testimony of Pamela Dillon and other credible witnesses who uniformly agreed that the NAS had been undermined by high-level FmHA farm program officials, Senator Kent Conrad stated that he had "reluctantly" come to the conclusion that the FmHA appeal system was "irreparably broken." At that point, Senator Conrad and others realized that the NAS failed because of the inherent biases and conflicts of interest that compromised the independence of the NAS.

In response, Senator Conrad co-sponsored the USDA National Appeals Division Act of 1992 (NAD Act) and was joined in the House of Representatives by Representative Mike Espy who co-sponsored a companion House bill. (The NAD Act created an independent USDA national appeals agency responsible for conducting appeals of adverse determinations made by ASCS, SCS, FmHA, RDA, and CCC.) Although the NAD Act of 1992 did not pass, it is of historical significance because it marks the turning point of a long and costly appeal reform effort to create a fair USDA appeals process and make USDA agencies accountable for their actions. Hopefully, with the support of Congress and the continuing support of Secretary Espy, that goal will be achieved through the reorganization of the USDA.

6 At an August 10, 1992 hearing before the Subcommittee on Agricultural Credit of the Senate Committee on Agriculture, Nutrition, and Forestry, Pam Dillon, former Director of the FmHA National Appeals Staff, testified that hearing officers are threatened with reprimands, and/or dismissal for overturning agency determinations. Wendell L. Fennell, an FmHA hearing officer, testified that he has been harassed and threatened with dismissal for overturning FmHA determinations and "whistle blowing" after he reported incidents of abuse and coercion to the Senate Subcommittee on Agricultural Credit. A transcript of this hearing has not yet been published but will be published and made available to the public in the near future.

7 Ms. Dillon testified before the Senate Subcommittee On Agricultural Credit of the Senate Committee On Agriculture, Nutrition and Forestry on May 21, 1991, and again on August 10, 1992. In her testimony, Ms. Dillon stated the reasons for her resignation and described in detail numerous cases in which FmHA officials refused to cooperate with NAS appeals and/or refused to implement NAS decisions.

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The history of the FmHA appeal reform process described above points out the fundamental need for an independent USDA appeals agency. FmHA is not unique. All USDA agencies are susceptible to the same problems and issues.⁸ The lessons learned from the legislative history of FmHA appeal reforms lead to the conclusion that establishment of an independent USDA appeals agency should be a centerpiece of any USDA reorganization plan.

USDA Reorganization Is a Window of Opportunity for Constructive Change

The USDA reorganization process should be viewed as an opportunity to make sweeping changes to improve USDA appeals and to support the concept of an independent national appeals agency, because the fairness of the appeal system depends on the independence and neutrality of the hearing officers who conduct the administrative review.

In addition to making appeals fair, which is a basic expectation in our democratic institutions, the creation of the USDA national appeals agency will systematically improve government. The appeal review process is one way to check the validity and effectiveness of actions taken by government agencies. Scrutiny of government agencies by objective "outsiders" is a healthy thing, and government agencies should welcome the opportunity to get this kind of feedback. It will help them make better decisions and develop better policies.

USDA agencies (particularly ASCS) have not been adequately accountable for their actions in the past.⁹ This has resulted in implementation of policies that are often

8 On August 10, 1992, Karen Russo, former California state director of ASCS, testified before the Subcommittee On Agricultural Credit of the Senate Committee On Agriculture, Nutrition, and Forestry, stating that the ASCS appeal system is extremely biased and protects the policies and interests of the agency at the expense of farmers and taxpayers. Since leaving the ASCS state director position, Ms. Russo has represented hundreds of farmers in ASCS appeals. Ms. Russo argued that the new ASCS appeal system has not corrected these problems because the ASCS National Appeals Division hearing officers are still subject to the authority of the Administrator and are therefore pressured to conform to the agency's policies and directives. She described an ASCS appeal system that is characterized by arrogance and vindictiveness, a system indifferent to the rights and needs of appellants. Concluding that the FmHA and ASCS appeal systems are "broken beyond repair," Ms. Russo urged Congress to pass the NAD Act because "it will put an end, once and for all, to the years of complaints and angst that have characterized the appeals process in both ASCS and FmHA." A transcript of this hearing has not yet been published but will be published and made available to the public in the near future.

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indifferent to the rights and needs of farmers and public distrust of the motives and goals of USDA programs. An independent appeals system would place higher standards of accountability upon USDA agencies, which would in turn foster better decision-making and restore the trust of the public in government institutions.

Problems With Interrelated USDA Decision-Making and Enforcement Responsibilities

Finally, there should be support for the creation of a USDA national appeals agency because of the need for a single forum to review interrelated determinations made by separate USDA agencies. The USDA has evolved into a conglomerate of separate agencies that share decision-making and enforcement responsibilities concerning the administration of farm programs (particularly in regard to conservation programs and conservation compliance determinations). When two or more agencies make interrelated determinations, farmers have to file an appeal with each agency, regardless of the fact that the decisions are based on the same underlying issues and factual circumstances. This process is inefficient and costly to both the government and farmers because it is duplicative.

For example, ASCS and SCS share responsibility for enforcement of conservation requirements that apply to all farmers participating in ASCS farm programs. If SCS determines that the farmer has not fulfilled the terms of a conservation plan, ASCS in turn automatically issues a determination that the farmer is no longer eligible to participate in or receive any benefits under USDA farm programs because the farmer is not in compliance with conservation requirements.¹⁰

The situation becomes more complicated if the farmer is also applying for FmHA loan or debt servicing programs. FmHA will automatically deny the farmer's application based on the ASCS determination that the farmer is in violation of conservation compliance requirements and therefore ineligible for USDA programs.¹¹

9 *Id.*

10 The Food Security Act of 1985 includes the "swampbuster" and "sodbuster" provisions which require that farmers restrict their use of wetlands and highly-erodible land. Conservation plans are required when farmers plan to cultivate highly-erodible land, and SCS is responsible for monitoring the farmers' compliance with the terms of the conservation plans. Farmers who do not comply with these conservation requirements are penalized by loss of USDA program benefits.

11 *Id.*

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Faced with these circumstances, a farmer must file three separate appeals to challenge each agency's adverse determination, even though the only issue is the validity of the initial determination by SCS.¹² Furthermore, ASCS and FmHA both have appeal regulations that require their hearing officers to accept the SCS determination as binding. Therefore, the farmer cannot question the SCS determination in the ASCS and FmHA appeal systems, and this renders the ASCS and FmHA appeals meaningless until the SCS determination is overturned in the SCS appeal system. It is a wasteful system that depletes the fiscal resources of both the public and the private sectors. It does not make sense.

On August 10, 1992, the United States General Accounting Office (GAO) submitted testimony before the Subcommittee On Agricultural Credit of the Senate Subcommittee on Agriculture, Nutrition and Forestry, which included a recommendation supporting the NAD Act. In that testimony, the GAO made the following statement:

[W]hile parts of the bill raise some concerns, we generally agree with its underlying intent, which would combine the appeals process of several U.S. Department of Agriculture (USDA) agencies under one newly created organization and make that organization more independent of the program-making agencies. *We believe that this approach could result in a better use of USDA resources and foster greater trust in the process by appellants.*¹³

A consolidated USDA system will save taxpayers money and will address the frustration and inefficiency associated with multiple appeals. In addition, as pointed out by the GAO's testimony, it would foster trust and restore the confidence that has been lost as a result of years of controversy and turmoil. However, it is important to note that the NAD Act only consolidates the appeals process for five USDA agencies.¹⁴ Theoretically, most if not all of these agencies will be consolidated into the farmer services agency that is being proposed in many reorganization plans. However, there are other USDA agencies that

12 Farmers who fail to make a written request within applicable deadlines (15 days for ASCS and SCS; 30 days for FmHA) lose their right to appeal the agency's decision.

13 Testimony of the United States General Accounting Office Before the Subcommittee On Agricultural Credit, Committee On Agriculture, Nutrition, and Forestry, U.S. Senate, *Farmers Home Administration, Resolution of Loan Appeals*, Statement of John W. Harman, Director, Food and Agriculture Issues, Resources, Community, and Economic Development Division, (Aug. 10, 1992), p. 2 (emphasis added). A transcript of this hearing has not yet been published but will be published and made available to the public in the near future.

14 The NAD Act establishes a separate and independent USDA agency with the authority to review adverse determinations by the Agricultural Stabilization and Conservation Service, the Commodity Credit Corporation, the Farmers Home Administration, the Rural Development Administration, and the Soil Conservation Service.

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will be making determinations that affect farmers and other private entities in the agricultural industry, and these agencies will also need an independent administrative review process.

For example, FLAG is currently analyzing the provisions of the Organic Food Production Act of 1992 to help develop appeal procedures for organic producers/handlers and others who may be adversely affected by USDA agency determinations. Although it is unclear which USDA agency will be ultimately responsible for implementation of the National Organic Certification Program after the reorganization of the USDA, the National Organic Certification Program is presently being developed and implemented by USDA employees within the USDA Agricultural Marketing Service.

The appeal provisions in the Organic Food Production Act of 1992 do not clarify who is responsible for conducting the administrative review process, nor does it establish procedures under which that review will be conducted. Consequently, FLAG is working with sustainable agriculture organizations to sort out the appeal provisions and recommend appeal procedures that will provide adequate procedural protections and a fair hearing process.

This uncertainty about appeal procedures could be alleviated if there were a single USDA appeals agency responsible for reviewing adverse determinations made by all other USDA agencies. Furthermore, since the organic food certification process involves development of an "organic plan" setting standards and methods for production, agency decisions concerning how this plan is implemented may affect other conservation plans that set restrictions on production methods or land use (many organic producers will also be participating in other sustainable agriculture programs that require USDA-approved conservation plans). Without a consolidated appeal system to handle these interrelated issues, farmers and the agencies responsible for implementing programs could easily become mired in problems associated with multiple appeals.

Summary Of USDA Appeal Recommendations

Establishing an independent USDA appeals agency through the USDA reorganization process makes sense. The reorganization process is a window of opportunity to accomplish a difficult transition from the existing multiple appeals system to a single, consolidated appeals process. Consolidation of the USDA appeal systems will reduce costs by eliminating the need for multiple appeals. Pooling the resources saved by eliminating multiple appeal systems should pay the cost of establishing and maintaining a single, consolidated appeal system.

An independent USDA appeals agency is necessary to address the inherent conflicts of interest that arise whenever a USDA agency is allowed to review its own adverse deter-

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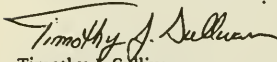
minations. As long as appeals are conducted internally by employees of the agency, the independence and fairness of the appeal system will be compromised.

The success of a consolidated USDA appeal system under the authority of a separate USDA appeals agency will depend on the commitment of the agency to independence and neutrality. Therefore, we strongly recommend that the administrator or director of this agency be carefully screened to assure that he/she is highly qualified with a background in administrative appeals.

We thank this Committee for holding these hearings and maintaining its commitment to improving the USDA and the USDA appeals process. I hope that the information I provided in this testimony sheds some light on the issues you are facing in your reorganization efforts.

Sincerely,

FARMERS' LEGAL ACTION GROUP, INC.



Timothy J. Sullivan
Attorney at Law

TJS/acp

Mr. CONDIT. Mr. Sullivan, we will get back to your suggestion. I have some questions and comments about that.

We will take Mr. Lockett, who is the president of the Oklahoma Farm Bureau, representing the American Farm Bureau Federation today.

Thank you for being here and your patience, sir.

STATEMENT OF JAMES L. LOCKETT, PRESIDENT, OKLAHOMA FARM BUREAU, REPRESENTING THE AMERICAN FARM BUREAU FEDERATION, FAIRFAX, OK

Mr. LOCKETT. Thank you, Mr. Chairman. And thank you for the opportunity to present the views of the American Farm Bureau Federation today.

As you say, I am president of the Oklahoma Farm Bureau and a member of the board of directors of the American Farm Bureau. I am a rancher from Osage County, and I run a cow-calf operation located near Fairfax, OK. The committee has my printed testimony, and, with your permission, I will synopsise it for brevity.

Mr. CONDIT. Absolutely. Thank you.

Mr. LOCKETT. Let me start by saying that the Farm Bureau has a long record of supporting efficiency in government and prudent cost-containment strategies. The Farm Bureau recognizes that, in response to changing priorities and budget realities, USDA will undergo significant changes. Our policy emphasizes our interest in being an active participant in this process.

However, the issue of reorganization has created great uncertainty and anxiety for the past 1½ years among farmers who have heard a variety of proposals for streamlining USDA and closing county offices. Farmers are justifiably concerned that they could end up with a lower quality of service, greater inconvenience, and less responsiveness from agencies that provide valuable programs and regulate farming practices.

It is our hope that this undesirable outcome is not the result of reorganization efforts. There is concern that, in spite of the stated lofty objectives of increased efficiency, financial savings, and improved service, the ultimate impact could be unfavorable for farmers who participate in USDA programs.

We have not endorsed any specific plan or legislation by USDA Secretaries Espy or Madigan, but we believe that there are many good concepts that have surfaced during this process. We believe that the changes eventually agreed upon should incorporate points from a variety of sources, and therefore we would like to outline some major points that we believe should play a part in this process.

No. 1, USDA agencies must use a form of decentralized county offices. Consolidation either of agencies or offices can be achieved if a rational process is employed to accomplish the objective of eliminating inefficiency. However, the structure of agriculture requires that, in order to provide service to farmers and ranchers in dispersed rural areas, a network of offices must exist throughout the country.

No. 2, service to farmers in the most efficient, cost-effective manner must be a primary objective. The programs that farmers participate in and benefit from should be user friendly and compatible

with other farm service programs. Therefore, ASCS, SCS, Farmers Home Administration, and FCIC need computer systems that share common information bases, that communicate with each other, that can communicate with farmers' computers, and that reduce the time, effort, and paperwork required of farmers. Programs operated by these agencies must be compatible and complementary.

No. 3, a long-term goal should be collocation of offices and personnel that can work with farmers located at a single site. Farm service centers would reduce overhead and support staff needs. However, this can only be accomplished once the programs are adequately integrated.

No. 4, increased emphasis must be placed on improving telecommunications and computer capabilities of these offices. Dissemination of announcements, rules, and program provisions within the network of county offices should be improved. In addition, allowing producers to communicate interactively by computer network, fax machine, or by using computer disks that provide the required information concerning program provisions would alleviate much of the time and expense of participating in the programs.

No. 5, we recognize that improvements in efficiency must be flexible enough to fit with local and regional conditions. In the case of closely situated small counties, merging several offices can be accomplished without serious disruption to the constituents served by those offices. Delivery of services should actually improve, as small offices can be better served by the economies of scale and can be open for longer hours. However, in some large geographic counties, merging of several offices would pose excessive inconvenience on those who need access to the services.

No. 6, programmatic restructuring should not eliminate local involvement through use of constituent committees. If anything, centralization increases the need for local input from ASC committees, soil and water conservation district committees, and others to make sure that the programs are adapted to conditions within the service area.

No. 7, merging agencies will not eliminate the need for specialized technical resources that have been previously concentrated in a single agency. For example, if the Soil Conservation Service is being merged with other farm service agencies, farmers will continue to need the advice and expertise of soil conservationists and other technical advisors. We do not believe that the knowledge base of specialists should be diminished through requirements that they become generalists in order to reflect the multiple disciplines encompassed by a farm service agency.

No. 8, the Farm Bureau will not support the shifting of responsibilities currently being carried out by a USDA agency to another department, as a consequence of USDA reorganization. Many farmers fear that other departments or agencies may attempt to take over programs that USDA is currently providing. There is a real anxiety that conservation programs may be shifted to EPA, which does not have the record of success and compatibility with farmers that exists with the Soil Conservation Service.

A final point, farmers believe that the Extension Service should remain closely involved with the research and land grant univer-

sity system. Extension should not be merged into a farm service agency.

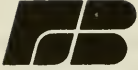
The mission of the Extension Service is to deliver research in a practical form to farmers and ranchers. That goal must be maintained. If it were incorporated in a farm service agency, farm advisors and county agents would become proponents of government programs rather than educators and dispensers of innovative ideas that may be far more progressive than the programs administered by the farm service agency.

As competitive forces demand that successful farm operators employ emerging technology and new production practices, conservation techniques, and marketing strategies, we cannot afford to have the Extension Service fundamentally constrained by the limitation of programs that are tied to the past rather than to the future.

We believe that it will be essential to incorporate the above points in any plan to restructure USDA. We look forward to continuing to work with this committee and interested Members of Congress and the administration in achieving improvement in the efficiency of the U.S. Department of Agriculture.

Thank you again for the opportunity to participate in this hearing, Mr. Chairman.

[The prepared statement of Mr. Lockett follows:]



AMERICAN FARM BUREAU FEDERATION

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**STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION
TO THE SUBCOMMITTEE ON INFORMATION, JUSTICE,
TRANSPORTATION AND AGRICULTURE
HOUSE COMMITTEE ON GOVERNMENT OPERATIONS
REGARDING THE PROPOSED REORGANIZATION OF USDA**

**Presented by James L. Lockett, President
Oklahoma Farm Bureau
and Member of the AFBF Board of Directors**

April 22, 1993

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and Member of the AFBF Board of Directors**

April 22, 1993

Mr. Chairman, thank you for the opportunity to present the views of the American Farm Bureau Federation today. I am Jim Lockett, President of the Oklahoma Farm Bureau and a member of the Board of Directors of the American Farm Bureau Federation. I am a rancher from Osage County, and I run a cow-calf operation located near Fairfax, Oklahoma.

Let me start by saying that Farm Bureau has a long record of supporting efficiency in government and prudent cost containment strategies. We believe that agriculture has never asked to be singled out for special treatment when budget reductions are made. In fact, no other major program can match the record of spending reduction that has been achieved in farm programs since 1986. Our spending has been cut by nearly two-thirds, and annual reduction in program costs have averaged nine percent per year for the past eight years.

Farm Bureau recognizes that in response to changing priorities and budget realities, USDA will undergo significant changes. Our policy emphasizes our interest in being an active participant in this process. AFBF policy states:

"We support and should take an active role in restructuring USDA with an emphasis on the needs of farmers and ranchers, and the efficient use of taxpayers' money. We shall vigorously oppose all efforts to rename it or consolidate it with any other department or agency of government."

However, the issue of reorganization has created great uncertainty and anxiety for the past year and a half among farmers who have heard a variety of proposals for streamlining USDA and closing county offices. Farmers are justifiably concerned that they could end up with a lower quality of service, greater inconvenience and less responsiveness from agencies that provide valuable programs and regulate farming practices. It is our hope that this undesirable outcome is not the result of reorganization efforts. There is concern that in spite of the stated lofty objectives of increased efficiency, financial savings and improved service, the ultimate impact could be unfavorable for farmers who participate in USDA programs.

Farm Bureau has closely followed the development of proposals intended to reorganize USDA both at the local level and at the headquarters in Washington. We have not endorsed any specific plan proposed in legislation or by USDA Secretaries Espy or Madigan, but we

believe that there are many good concepts that have surfaced during this process. We believe that the changes eventually agreed upon should incorporate points from a variety of sources and, therefore, we would like to outline some major points that we believe should play a part in this process.

- (1) USDA agencies must use a form of decentralized county offices. Consolidation either of agencies or offices can be achieved if a rational process is employed to accomplish the objective of eliminating inefficiency. However, the structure of agriculture requires that in order to provide service to farmers and ranchers in dispersed rural areas, a network of offices must exist throughout the country.
- (2) Service to farmers in the most efficient, cost effective manner must be a primary objective. The programs that farmers participate in and benefit from should be user-friendly and compatible with other farm service programs. Therefore, ASCS, SCS, FmHA and FCIC need computer systems that share common information bases, that communicate with each other, that can communicate with farmer's computers, and that reduce the time, effort and paperwork required of farmers. Programs operated by these agencies must be compatible and complementary.
- (3) Long-term goals should be collocation of offices and personnel that can work with farmers located at a single site. Farm service centers would reduce overhead and support staff needs. However, this can only be accomplished once the programs are adequately integrated.
- (4) Increased emphasis must be placed on improving telecommunications and computer capabilities of these offices. Dissemination of announcements, rules and program provisions within the network of county officers should be improved. In addition, allowing producers to communicate interactively by computer network, fax machine or by using computer disks that provide the required information concerning program provisions would alleviate much of the time and expense of participating in the programs.
- (5) Recognize that improvements in efficiency must be flexible enough to fit with local and regional conditions. In the case of closely situated, small counties, merging several offices can be accomplished without serious disruption to the constituents served by those offices. Delivery of services should actually improve as small offices can be better served by the economies of scale and can be open for longer hours. However, in some large geographic counties, merging of several offices would pose excessive inconveniences on those who need access to the services.
- (6) Programmatic restructuring should not eliminate local involvement through use of constituent committees. If anything, centralization increases the need for local input

— 3 —

from ASC committees, Soil and Water Conservation district committees and others to make sure that the programs are adapted to conditions within the service area.

(7) Merging agencies will not eliminate the need for specialized technical resources that have been previously concentrated in a single agency. For example, if the Soil Conservation Service is being merged with other farm service agencies, farmers will continue to need the advice and expertise of soil conservationists and other technical advisors. We do not believe that the knowledge base of specialists should be diminished through requirements that they become generalists in order to reflect the multiple disciplines encompassed by a farm service agency.

(8) Farm Bureau will not support the shifting of responsibilities currently being carried out by a USDA agency to another department as a consequence of USDA reorganization. Many farmers fear that other departments or agencies may attempt to take over programs that USDA is currently providing. There is a real anxiety that conservation programs may be shifted to EPA which does not have the record of success and compatibility with farmers that exists with the Soil Conservation Service.

(9) Farmers believe that the Extension Service should remain closely involved with the research and land grant university system. Extension should not be merged into a farm service agency. The mission of the Extension Service is to deliver research in a practical form to farmers and ranchers. That goal must be maintained. If it were incorporated into a farm service agency, farm advisers and county agents would become proponents of government programs rather than educators and dispensers of innovative ideas that may be far more progressive than the programs administered by the farm service agency. As competitive forces demand that successful farm operators employ emerging technology and new production practices, conservation techniques and marketing strategies, we cannot afford to have the Extension Service fundamentally constrained by the limitation of programs that are tied to the past rather than to the future.

We believe that it will be essential to incorporate the above points in any plan to restructure USDA. We look forward to continuing to work with this committee and interested members of Congress and the administration in achieving improvements in the efficiency of the U.S. Department of Agriculture.

Thank you for the opportunity to participate in this hearing.

Mr. CONDIT. Thank you, sir. We appreciate your being here.

Mr. Vap is the vice president of the National Association of Conservation Districts.

Mr. Vap.

STATEMENT OF GERALD L. VAP, VICE PRESIDENT, NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS

Mr. VAP. Thank you, Mr. Chairman.

I appreciate the opportunity to be here today. I am here to represent the nearly 3,000 soil and water conservation districts throughout this Nation. I have a lengthy statement that I would submit for the record, but I will just briefly go through some of the high points here, if we could include that statement.

Mr. CONDIT. That would make us happy.

Mr. VAP. Thank you.

In addition to serving as an elected director on our local district board, I also operate a small business in McCook, NE, and, as you said before, I represent NACD as their vice president. I think, probably, most of you are familiar with what a soil and water conservation district is, so I won't go through a whole length of things about them. We are independent subdivisions of State government, created by our respective State legislatures. We are not part of the Soil Conservation Service, as many people falsely believe sometimes, but we do work closely with the Soil Conservation Service, along with our State conservation agencies and a series of other environmental agencies within State and Federal Government to deliver effective conservation and environmental programs to the farmers and the communities of our States. Our directors are elected officials, and they serve our people very well.

Today, approximately 7,000 conservation district employees also work side-by-side with the Soil Conservation Service with 6,500 field employees. We are colocated with the Soil Conservation Service in virtually all work locations. In addition, districts provide all of the clerical help, all the clerical support for the Soil Conservation Service. Those are district employees, not Federal employees.

We have worked out this partnership with them over the last 50 years, and we have a major stake in the efforts at reorganizing the U.S. Department of Agriculture. We feel that our districts and the farm community and our rural communities as a whole will be affected by any USDA reorganization.

Let me emphasize that we do fully support the reorganization of the U.S. Department of Agriculture. We think it is essential to get this organization ready for the future. There are several things that have been brought forth today as to why this reorganization should be done: Complexity of programs, all kinds of new programs coming forth, agency turf battles, inconsistent and conflicting policies, a paperwork blizzard for our co-operators and farmers to deal with every day, and there is a fragmented delivery system.

Earlier this month, President Clinton outlined a reorganization plan for USDA in his fiscal 1994 proposed budget. Under his plan, SCS, ASCS, and FmHA would be combined into a single entity called the farm services agency. Unfortunately, virtually no information is available as to how this would be implemented, how the

new agency would be structured, or how separate functions of the former agencies would be carried out.

The proposed budget also alleges a cost savings of \$723 million over the next 4 years, but, again, it fails to document how these savings would be realized.

NACD does have some further concerns. First is the process the administration is proposing. We do not feel that the budget process is the appropriate vehicle to initiate a change in a major Federal agency such as the USDA. We feel that Congress created this agency, and it should be Congress' job to do the major work in restructuring the U.S. Department of Agriculture. It affects not only the farm community but all those people that eat every day from the production of this farm community and wear clothes from the production of fiber.

A second concern is, the administration's plan was developed without any outside input from USDA's cooperating agencies or its partners. NACD had been promised that a special ad hoc committee would be formed so that all of these stakeholders would have an input. Secretary Espy, his chief of staff, Ron Blackley, informed us several times that this committee would be formed.

This has been over the last 1½ months that these promises have been made. To date we have heard nothing, and we are fearing that they are going to continue with their process without talking to any of the stakeholders in the process.

We also have a concern over where conservation program responsibilities will rank in the farm services agency's priority list. The administration also is proposing a 23 percent reduction in the staff of the farm services agency as a cost-saving measure. Where are these going to come from? We have no details on this. Is it going to come from the field office personnel that are so badly needed out there, or is it going to come from the hierarchy in the bureaucracy, or where will it come from? We get no questions answered in this area.

Mr. Chairman, attached to my testimony is a position statement outlining our comprehensive recommendations on how USDA's conservation program should be reorganized. I won't review the entire statement now, but I do want to emphasize some points.

USDA must maintain a strong conservation focus. All USDA natural resources management programs should be overseen by one Under Secretary. A single natural resources agency should encompass all USDA natural resources management functions except those of the Forest Service.

Currently, we have identified roughly 22 different conservation programs within USDA, with 6 different agencies administering those. As has been stated before in other testimony, our farmers and producers out there have a difficult time deciding who to go to for what permits, for wetlands, for conservation compliance help, things of this type. We think one Under Secretary should be responsible for all of those programs.

USDA agencies should not be further politicized, especially professional agencies such as the Soil Conservation Service. Any reorganization proposal must include a clear delineation of how conservation and natural resource management programs will be administered. The ultimate goals of any reorganization effort must in-

clude increased efficiency, improved customer service, significant financial savings, and better coordination and teamwork among the local, State, Federal, and private sector partners.

Reorganization must strengthen the conservation delivery system and increase the level of technical assistance available in the field. USDA's nonfarm conservation responsibilities, such as water quality, wetlands protection, wildlife habitat enhancement, pasture and range land management, mine land reclamation, and urban resource management cannot be overlooked in this reorganization.

USDA reorganization is a vital issue to America's conservation and natural resources future. The Department needs to take time to study this issue. They also need to get input from the partners the agencies work with. NACD has gone on record asking the administration to establish a blue ribbon committee on Federal natural resource management programs to evaluate the delivery of Federal natural resource management programs and make recommendations on how these programs can be restructured to be more cost efficient and effective.

We would like to make the same recommendation to Congress also. We would like to be a part of this process and would volunteer to serve on such a committee. We would also recommend that conservation districts, State conservation agencies, and NACD be made voting members on the respective local, State, and Federal fact committees that make decisions on USDA field office locations and space arrangements.

We thank you for this opportunity to share our views and concerns with you today. I would be pleased to respond to any questions.

[The prepared statement of Mr. Vap follows:]



Statement of
Gerald L. Vap
Vice President
National Association of Conservation Districts

on the
Reorganization of USDA

Presented to the
Committee on Government Operations
Information, Justice, Transportation, and Agriculture
Subcommittee

Mr. Chairman and members of the subcommittee, my name is Gerald Vap and I am Vice President of the National Association of Conservation Districts (NACD). I also operate a small farm supply business in McCook, Nebraska. I appreciate the opportunity to present our concerns and recommendations regarding the reorganization of USDA.

The National Association of Conservation Districts (NACD) represents nearly 3,000 local conservation districts across the United States, more than 15,000 men and women who serve without pay on their governing boards. Conservation districts are independent, special purpose districts that coordinate and carry out comprehensive, natural resource management programs. These programs address a variety of natural resource management concerns including forest and rangeland management, wetland protection and enhancement, erosion and sediment control, wildlife habitat management, and nonpoint source pollution prevention and abatement for the protection of ground and surface water quality.

When Congress established the Soil Conservation Service it envisioned a local delivery system whereby federal conservation technicians would provide technical assistance to landowners and landusers. To facilitate this delivery system, in 1937 the Roosevelt Administration drafted model legislation for states to adopt that would establish conservation districts as the conduit through which this federal technical assistance would be channeled.

Every state, and most U.S. territories and possessions, has adopted such legislation. As a result, conservation districts encompass 98 percent of the privately owned land in the country. Each of these districts has a memorandum of understanding with the Secretary of Agriculture, and a supplemental memorandum with the Soil Conservation Service, that document the close working relationship between SCS and the district.

Throughout their nearly 60-year history, conservation districts and state conservation agencies have worked cooperatively with SCS in bringing this conservation technical assistance to the local level. As a result of this arrangement, districts and SCS have developed a true partnership—sharing many resources and pursuing a common goal. Today, there are nearly 7,000 conservation district employees working side by side with SCS's 6,500-plus field employees.

Largely because of the unique nature of the SCS-district relationship, conservation district offices and SCS field offices are co-located in nearly all cases. SCS and conservation districts also share many support resources such as office equipment, field equipment, vehicles, information and other resources.

The success of this team approach to conservation and natural resource management is based on using voluntary, incentive-driven programs in helping landowners and landusers protect their soil and water resources. Today this conservation partnership provides technical and other assistance to two-and-a-half million cooperators who manage nearly 800 million acres of privately owned land.

America's conservation districts fully support efforts to reorganize USDA to make its operations more efficient and cost-effective. However, we believe this must be done by streamlining the department, eliminating waste and reducing costs; not by sacrificing the level of service to landowners and landusers.

The reorganization of USDA as outlined in the President's proposed 1994 budget would combine SCS, the Agricultural Stabilization and Conservation Service, and the Farmers Home Administration into a single entity called the Farm Services Agency. The proposed budget also alleges cost savings of \$723 million over a four-year period. However, the proposal contains few details about how this new agency would be structured or how the separate functions of the former agencies would be carried out.

It also fails to document how it would result in such significant cost savings. Since the reorganization proposal is still basically only a concept, we question whether a specific figure on cost savings can be so precisely calculated.

While NACD supports the objective of reorganizing and streamlining USDA, we have serious concerns with the process being used to pursue that objective. We do not believe the budget process is the appropriate vehicle through which to initiate such a broad restructuring of USDA's agencies and programs.

We are also concerned that much of what is being proposed by the Administration was developed without any outside input from USDA's cooperating organizations. NACD strongly believes that proposals to restructure the department need thorough review and input from all the affected stake holders.

NACD has serious concerns about the focus, functions and capability of the proposed Farm Services Agency to effectively carry out USDA's conservation and natural resource management programs. Will the proposed new agency will have a political rather than professional focus? If so, will this result in decreases in funding and staffing for natural resource management programs? Will it diminish support for USDA's nonfarm conservation programs?

The Administration's budget proposal targets a 23 percent reduction in the staff of the three agencies as a cost-saving measure. At the same time the proposal is calling for reducing staff, NACD and USDA studies show that substantial increases in technical assistance are needed at the field level.

Our most recent survey of conservation districts found that an additional 10,000 conservation technicians are needed at the field level to adequately carry out Farm Bill, Coastal Zone, Clean Water Act and other federal, state and local programs.

Now that I have outlined some of NACD's concerns with the Administration's proposal, I would like to share with the subcommittee some principles that we believe must be part of any effort to reorganize the department.

First, we ardently believe that USDA must maintain a strong conservation and natural resources focus to help farmers and ranchers, as well as other landowners and landusers outside of the agricultural community, meet their production goals and land management needs in an environmentally responsible manner.

NACD strongly supports grouping all USDA natural resource management programs under the purview of one under secretary of agriculture for natural resources. Further, we advocate the creation of a single natural resources management agency that incorporates all of the department's natural resource management functions, except for those of the Forest Service. Both the new natural resources management agency and the Forest Service should be administered by the under secretary for natural resources.

Reorganization also must strengthen our delivery system and increase the level of conservation technical assistance available in the field. The present conservation needs for staffing, education, planning and technical assistance significantly exceed our present capability.

If the Administration and Congress are serious about protecting the environment, then USDA's conservation and natural resource programs must be strengthened, not diluted by being consolidated with other, unrelated programs.

While conservation and production programs must work in harmony with each other, we believe they must be administered separately so that their purposes are not diminished or lessened. A commitment to conservation and natural resource management must be one of the pillars supporting a reorganized USDA.

Although conservation and production programs should be administered separately, at the field level USDA agencies should work toward sharing as many resources as possible. Sharing administrative support, automated information and data systems, as well as office space and other equipment, would do much to improve the cost-effectiveness and efficiency of USDA's field system. Soil Conservation Service and conservation district offices are frequently co-located and have found the arrangement to be productive and economical.

USDA's expertise is not limited just to agricultural conservation and natural resource management. The development of conservation plant materials, soil surveys and national standards and specifications for engineering practices are widely applicable outside of agriculture. USDA's involvement in urban conservation programs, abandoned mineland restoration, rural resource development and other areas is critical in managing and protecting those resources

For the last year, NACD and its partners have worked together on a task force on the reorganization of USDA. The task force developed recommendations for a single natural resources agency that I alluded to earlier. This new agency would combine existing conservation programs to provide improved service to landowners and landusers. It also would retain USDA's nonagricultural conservation programs and promote an integrated approach to natural resource management. A copy of a position paper describing our concept is attached to my written remarks.

Implementing our recommendations for USDA's conservation and natural resource management programs would result in improved customer service and increased efficiency in the department. It would lead to significant cost savings by minimizing redundancy and overlap. We also believe it would result in better teamwork and coordination among the local, state, federal and private-sector partners working in conservation and natural resource management.

Conservation districts welcome the opportunity to help increase the effectiveness of both USDA's conservation and natural resource management programs as well as our own. NACD fully supports efforts to evaluate the structure and efficiency of our services to farmers, ranchers and other landowners and landusers. It is clearly in the best interest of the agriculture and conservation communities, as well as the American public, to use taxpayer dollars in the most cost-effective manner as possible.

In evaluating the present structure, however, it is important to make sure that all decisions are well-thought-out and prudent. Great care must be exercised not to undermine the conservation partnership and program delivery system that has taken nearly sixty years to build. Conservation districts will continue to work with our state and federal partners to ensure that we offer the best program services available in the most cost-effective and efficient manner possible.



A CONSERVATION PARTNERSHIP POSITION STATEMENT

USDA REORGANIZATION: A "NEW" NATURAL RESOURCE AGENCY

America must have a U.S. Department of Agriculture that maintains a strong conservation and environmental focus to help farmers, ranchers and other land users meet their production goals in an environmentally responsible manner.

BACKGROUND

The American people are expressing strong concern about their environment. They expect land managers to protect the nation's natural resources, while producing a safe and abundant supply of food and fiber.

Primary natural resource concerns facing the nation today include:

- preventing nonpoint source pollution
- protecting drinking water supplies
- conserving water
- controlling soil erosion
- maintaining biodiversity
- protecting and restoring wetlands and other critical ecosystems
- providing habitat for endangered species
- preserving farm lands, grazing lands and open spaces

The new Administration and Congress have responded to these and other issues with a call to reinvent government. To date, the call for reorganizing USDA has centered around such concerns as:

- the proliferation and complexity of programs
- agency turf battles and lack of coordination
- inconsistent and conflicting policies
- inefficient and duplicative programs
- the paperwork "blizzard"
- a fragmented delivery system

These problems cause confusion and unnecessary burdens for customers, as well as uneven program delivery and inefficient use of our government's money and people.

RECOMMENDATIONS

The Conservation Partnership recognizes the need to reduce federal spending and improve the efficiency of USDA program delivery. The following solutions are recommended:

1. Create a single Natural Resource Agency to administer all USDA conservation programs for nonfederal lands. The new agency must improve customer service and concentrate resources at the field level.

National Association of Conservation Districts
 509 Capitol Court, N.E., Washington, DC 20002
 (202) 547-6223 / FAX (202) 547-6450

National Association of State Conservation Agencies
 Route 3, Box 304, Tappahannock, VA 22560
 (804) 443-2484

2. The following programs should be consolidated under the new Natural Resource Agency:
 - Great Plains Conservation Program
 - Conservation Technical Assistance
 - Small Watershed Program
 - Resource Conservation and Development (RC&D) Program
 - Rural Abandoned Mine Program
 - Agricultural Conservation Program
 - Conservation Reserve Program
 - Colorado River Salinity Control Program
 - Water Bank Program
 - Wetland Reserve Program
 - Rural Clean Water Program
 - Forestry Incentives Program
 - Water Quality Incentives Program
 - Integrated Farm Management Program
 - Soil and Snow Survey Programs
 - Farm Bill Conservation Programs
 - Plant Materials Program
3. USDA production adjustment and loan programs should be administered separately from the natural resources program. Appropriate oversight should be provided to ensure economic support programs are consistent with the department's conservation programs.
4. Although conservation and production programs should be administered separately, at the field level USDA agencies should share office space, information and administrative support, and use common or cross-trained personnel to service shared clientele.
5. The new Natural Resources Agency must utilize the resources and authorities of state agencies and local conservation districts, as well as private sector partners, to provide conservation assistance to land managers.
6. The partnership supports actions that:
 - avoid the proliferation of separate programs and their associated rules, regulations and administrative procedures, which cause unnecessary burden for customers.
 - enable the customer to develop a total natural resource plan based on consistent technical standards;
 - promote an integrated, holistic approach to solving natural resource and environmental problems in a way that allows federal, state and local program requirements to be met; and
 - deploy a higher percentage of technical staff to the field office level.

IMPACT

The Conservation Partnership believes implementing these recommendations will result in:

- improved customer service
- increased efficiency
- significant financial savings
- elimination of redundancy
- improved service to minority and limited-resource customers
- one-stop conservation program services
- better coordination and teamwork among local, state, federal and private-sector partners
- increased rate of adoption of conservation practices

Mr. CONDIT. Thank you, Mr. Vap.

You mentioned this committee, advisory committee that the Secretary had committed to put together. Is it your feeling that—has this been done?

Mr. VAP. No, it has not.

Mr. CONDIT. OK. So you're not out of the loop yet?

Mr. VAP. Not yet.

Mr. CONDIT. You want to make sure that you're there and you're a part of that and that it happens?

Mr. VAP. Yes.

Mr. CONDIT. OK.

Dr. Carpenter, I have a couple questions for you. Your analysis of the various reorganization proposals suggests some promise for improved interagency coordination and program delivery among the agencies or in the Department. Which of these proposals that you've looked at is your preference and why?

Dr. CARPENTER. Mr. Chairman, probably a combination of the proposals that have science and education as a place for Extension but then consider a broadened responsibility for Extension for education and outreach of the Department.

Mr. Chairman, we are networkers with the State land-grant institutions, and we have people serving virtually every county, who profess broad expertise beyond agricultural production. Consequently, we believe because of the training as educators, we can work more effectively on the prevention side of issues in this educational role.

Mr. CONDIT. Broadening the Extension Service?

Dr. CARPENTER. Yes, broadening the responsibilities of the education and coordination component of Extension.

Mr. Chairman, it doesn't bother me—I guess it wouldn't because of coming from a university setting that isn't unlike the spaghetti that was laid out by our GAO colleagues. And I would submit that there are some significant advantages to that type of structure.

Within extension, in my own home State of Texas, we have six primary, major, critical issues identified by over 10,000 people out in the State. Most of the issues, such as water quality, involve specialized expertise from a number of departments across our university system. I want the extension personnel to have as much subject matter expertise as they can possibly have, and then pull those professionals together in task force groups to address some of the major issues.

I think that's what has happened with the water quality issue within USDA. I happen to know that Florida, through their IFIS and other departments in the State of Florida collaborate very closely together on water quality. They have at least six State and Federal agencies involved with Extension in addressing water quality issues.

So I would only like to say that there are some advantages, when everything about an issue isn't entirely handled in one agency.

Mr. CONDIT. Well, that was my followup. Do you think that the first reaction in the last few months to restructuring or reorganization was to take a look at the field service offices and the extension program and say, maybe we will reduce those, is that a concern of yours?

Dr. CARPENTER. I think it's a concern, Mr. Chairman, but we certainly don't have any negative feelings about carefully looking at the total structure. One of the examples used in some of the earlier hearings happened to be one county in Texas where there are four agencies with a relatively small farm services need and is within 20 miles of an office in an adjacent county.

As was indicated by Mr. Lockett, we think a very rational approach is needed and just the numbers game doesn't do that. There are some areas that need more expertise because of intensified agriculture, and relationships to other programs. But, sure, I'm certain there are very definite needs at the State level across extension. For various reasons, we have undergone some downsizing, but some of those have resulted in downsizing in areas of expertise and upsizing in other areas of expertise that are needed by the citizens in the State.

Mr. CONDIT. Speaking of the Extension Service structure, what is the size of the structure and how is it typically financed?

Dr. CARPENTER. The financing of the total Extension System, is through Federal, State, local, and some public funds. There are about \$426 million, I believe, in the Federal ES-USDA budget, about \$1 billion from State and local resources. Of the \$426 million appropriated at the Federal level, less than 4 percent is expended to operate this coordinating unit, ES-USDA, in Washington, DC. So most of the appropriated budget is also leveraged with the State and county resources. We have approximately 16,000 professional full-time equivalents devoted to Extension work. Approximately one-third are located at the land-grant university campuses and the remainder are located at county or area field offices.

Mr. CONDIT. We can find out. It is becoming clear to me that everything in the Federal Government is sort of open for the spotlight to shine on to see whether it's cost effective. But one of the things that we will have to look at is the return on our investment, the amount of money that we invest.

Can you share with me what types of economic development activities has the Extension Service been involved in, and are there any future activities that they can be involved in that would generate a return on our investment to the local economies of the areas that they serve?

Dr. CARPENTER. Mr. Chairman, as you know, return on investment in science and education is difficult to categorize. Since we are linked with the science and education component, we have seen annualized returns, out of the California studies, a 40 percent return on investment in research and education in the agricultural component.

We know that substantial increases have come about in returns by reduction in use of inputs into agriculture. For instance, the integrated pest management program, so widely used in your State, in Florida, and in Texas, has resulted in major reductions, now estimated nationally to be approaching 50 percent in the use of pesticides and herbicides.

The economic value of that program simply cannot be clearly estimated. We have some estimates on the value of that program and others. We will provide these to the committee. There are issues re-

lated to our 4-H and youth development program. What is the return on that program?

Mr. Bob Guernsey, a farmer in Indiana, 2 weeks ago testified that—he's a county commissioner—that the extension program in his county is doing a fine job working on the prevention of low birth weight babies and indicated to us that Extension could prevent only five of those problems that would more than pay for their investments into that extension program in the county.

Mr. Guernsey said, "Why am I interested as a farmer?" He said, "Well, we're paying the taxes." So he's saying, if you don't have a heart to do that, well, then, your pocketbook ought to tell you to do that.

I don't call them social programs, Mr. Chairman. I believe they are societal issues. I visited in the southern end of your State, just earlier this year, in San Diego County, and learned from the San Diego County staff what they're doing related to the citizens' needs in that county. Impressive, sir.

Mr. CONDIT. Well, I used to ask this similar question when I was a county commissioner myself to our mental health department: What is the return on our investment. It was very hard to explain, you know, that we had a return on our investment. So I understand what you're saying, but I do think that that is a situation that we're going to have to deal with.

Dr. CARPENTER. Yes, sir.

Mr. CONDIT. And I think the testimony earlier today about mission. We're in a world market now, how about exports, do you guys get involved in that, procurement, all those things?

Dr. CARPENTER. Well, that was one line that was missing on the GAO spaghetti chart—there was not a line for marketing activities of ES-USDA. We are heavily involved in international marketing training, have a major global entrepreneurship marketing project, and are linking producers and small business firms with marketing opportunities internationally.

Mr. CONDIT. Anyway, I think we're going to have to face it. I'm for the 4-H programs, and I'm for the Extension program. I think they're great, and they help in a lot of different ways. We have to figure out some tangible way to prove that it is a good investment and there is a return on our investment.

Dr. CARPENTER. We would be pleased to provide for you a rather substantial analysis we have done on some of the major national initiatives that we're pursuing.

Mr. CONDIT. I think it would be helpful to us to have that at least be a part of the record. If you could do that, Doctor, I would appreciate that very much.

Dr. CARPENTER. Yes, sir.

Mr. CONDIT. I want to move to Mr. Sullivan, then Mrs. Thurman, I'm going to let her open. I just want to talk for a moment about the appeal process. And I don't know that I understood you correctly, whether you were saying that we had a proposal to combine five areas.

Mr. SULLIVAN. What I was saying was that there was legislation proposed in 1992, Secretary Espy was cosponsor, and Senator Conrad was cosponsor.

Mr. CONDIT. Right. Which is a signal to us that maybe, administratively, this might be dealt with. Is that your understanding?

Mr. SULLIVAN. I would think so.

Mr. CONDIT. OK. But would it not be more practical, instead of taking five areas, for us to take all of USDA and have an appeal process for every aspect?

Mr. SULLIVAN. That was exactly my point.

Mr. CONDIT. Marketing orders, the whole process. If there is an appeal, that there is some sort of efficient, one-place shopping that you can go and get this concluded.

Mr. SULLIVAN. That would truly streamline the process.

Mr. CONDIT. OK. Do you have any indication that the administration and the Secretary plan to do that? I mean, have you had any contact with the Department?

Mr. SULLIVAN. No indication beyond his support for the NAD Act of 1992.

Mr. CONDIT. All right. I'm going to turn to Mrs. Thurman. I have some additional questions, but let her go ahead.

Mrs. THURMAN. Mr. Vap, I first want to publicly tell you that I've been working with your soil conservation group in Florida, because of the effects of what we now call the winter hurricane. I have been very, very pleased with the response that we received in cleanup efforts and the other services that they have been doing in Florida.

Mr. VAP. Thank you.

Mrs. THURMAN. Just a nice point. It's always nice to give credit when it's due.

Mr. VAP. Much appreciated.

Mrs. THURMAN. Mr. Chairman, when Dr. Carpenter gives his testimony, I would like to give you some information from our extension services, with IFAS and the University of Florida and the link-up that they have had with our communities and with our farmers.

Mr. CONDIT. Certainly.

Mrs. THURMAN. Because we have found that our extension services in Florida have been very active with what I call our family farm, which are really backyard farmers who want to raise their vegetables and learn about soil content. They are trying to find out all kinds of information, as well as some research that has actually helped with some problems down in the Dade County area with a beetle that was eating people's doors. And these were not farmers. So there has been a lot of information given on that.

Just as important, I think Dr. Carpenter, I was going to talk about the biological controls that have happened in California and how Florida has been really looking forward to some breakthrough because of our pesticides issues, because I know how much money is being spent on water quality issues and other environmental issues. And they have been very good at trying to solve some of our problems.

I think it would be a real mistake for us to tear that, the way that information flows from the science part, information, education back down to our local areas.

And with that, Mr. Lockett, then I will ask you a question, because you talked about information, delivery of services, those kinds of things—and maybe we can bring Dr. Carpenter up here to network for the Department of Agriculture—but have you found

the extension services to be as beneficial as Dr. Carpenter has suggested in States, in terms of getting that kind of information to the farmers?

Mr. LOCKETT. Yes, very much so. As you know, Farm Bureau has a satellite system and downlink, and we do these things. And just recently we did them in cooperation with the extension service in Oklahoma, which furnished us with six sites, whereas we would have been limited to two had we only been able to use our facilities. It's a compatible system, evidently, and we appreciated—we set up in several vo tech places, and they had the downlink capability.

We work very well, very closely with the extension service in Oklahoma.

Mrs. THURMAN. In Florida, one of the things that we do is link up the different extension services, and actually they have developed programs that give—oh, you take a leaf in, or you take in some soil, or whatever it might be, they look at it, and then they actually have a program that, once they look at certain types of problems, they put that information into the computer. The computer then reports what might be the potential problem, whether it's a nutrient problem, whether it's a bug problem, whether it's whatever.

It has been a very good program to help farmers. Is that helping? Are you doing something like that?

Mr. LOCKETT. Well, I haven't had personal experience with that, as my operation is livestock grazing, and I don't participate in farm programs. My members do. But I have heard no comments on that particular expertise being utilized in Oklahoma. It may well be.

Mrs. THURMAN. That may also suggest, instead of trying to take apart extension services, that we ought to make them a little stronger and provide those services to the farmers that they're looking for at a local level, which would provide the flexibility on issues that we've talked about here, from State to State, in addressing each one of those concerns versus trying to centralize it into one or a couple of agencies. That's just my experience.

Mr. LOCKETT. I think that's a viable opinion.

Mrs. THURMAN. Do you work with—I know you do, in Florida, with extension services.

Mr. VAP. Our district works very closely with the extension service. Currently, we are engaged in a major water quality protection program in my district. In Nebraska, our districts have statutory authority to do these things. We are engaged in a program that encompasses 450 square miles, and we're using Extension extensively in the education portion of our program to reduce nitrates in the ground water.

Mrs. THURMAN. So you're networking with them?

Mr. VAP. Very much.

Mrs. THURMAN. Through computers?

Mr. VAP. No, it's one-on-one. We invite them in to put on seminars for the farmers and homeowners in nutrient management, irrigation water management. We network with them. We also have formed partnerships with the U.S. Geological Survey for a ground water monitoring program, and also with ASCS or WQIP programs

for cost share for the farmers involved. And Soil Conservation Service is supplying a water quality specialist for our use right now.

So we use all these agencies very effectively in this particular program, and we appreciate it.

Mrs. THURMAN. The last question: Where do you find or do you find stumbling blocks from the Washington agency or department?

Mr. VAP. Probably the only stumbling block that we've really encountered in this particular program has been with EPA, the 319 program. We've got it worked out now, but we went through, in writing our plan for this particular project, we went through five rewrites of that plan, and basically it amounted to such things as, do we call it an action plan or a program, did we cross all the T's and dot all the I's? It got down to things that fine.

We had our program up and running. We had USGS there with money. We had our State agencies there and the WQIP program going. We had already conducted our program without getting—

Mrs. THURMAN. Can you tell me what that is? Is that the water quality?

Mr. VAP. Excuse me?

Mrs. THURMAN. What did you—the W—

Mr. VAP. WQIP. It's the Water Quality Incentive Program through ASCS.

Mrs. THURMAN. OK. There are a lot of acronyms up here.

Mr. VAP. We had all those things going, and we had conducted probably 50 percent of our operator training sessions within our program before EPA even had approved what we were going to do for 319. We probably would have gone ahead without 319, if we had to.

Mrs. THURMAN. Is that why you have suggested, in your one-page overview, the natural resource agency, because of your concerns with EPA?

Mr. VAP. Part of the reason, yes, some of those concerns. When we look at natural resources, we're not just looking at a farm field out there. We're looking at how that entire watershed, which is now the buzzword around EPA, but how does that entire watershed—what goes on in it, and how does it affect everyone within that geographical area there? That's the way our districts in Nebraska operate, and many districts around the country are beginning to look in that direction.

Our emphasis is on the total resource management concept rather than, we've got to build a terrace on this field because it's eroding away. Let's look at the wildlife habitat in that area. Let's look at the water quality, everything else involved, and how does it affect—how do all these programs, the farm program and the conservation programs, how do all those things affect what happens at the end of the pipe, if that's the way you want to look at it.

Mrs. THURMAN. Mr. Chairman, just a comment. One of the things that has concerned me—actually, I was lifted up a little bit—Friday night I was at the University of Florida at an agricultural banquet, and the dean there was telling us that the enrollment in the College of Agriculture had actually increased this year, way beyond what we had ever anticipated.

And I couldn't agree more with the fact that I think that we need to try to figure out how to get young people back into the agri-

culture production part of it, as well as within the overseeing of farms, because it has become a high-tech industry, and it is not what I think people still think of farming as, as having a horse and a plow. It just isn't there anymore, and there is a lot more to it. Actually, I think it's a very high-tech industry today.

So I want you to know that I would like to promote that, get kids into agriculture.

Mr. CONDIT. Maybe Dr. Carpenter knows this, a few years ago there was a study or a survey that said the average age of the farmer was getting up there in years.

Dr. CARPENTER. Mid-50's, I believe, at that time.

Mr. CONDIT. I thought it was older than that. That's not up there in years. [Laughter.]

Dr. CARPENTER. No, that's young anymore, Mr. Chairman.

Mr. CONDIT. It's beyond me. Getting real young, younger every day.

But is there an effort, is there some strategy to get young people? I know financing is a big problem for them.

Dr. CARPENTER. There are several different efforts, and individual States have taken some action related to young farmers being able to get some real advantage on loans. We have set up one in our State for which we're putting an extra fee on farm trailer license plates, and we're creating a fund to be able to help some young farmers.

There are a number of leadership programs. Mr. Chairman, California is one of the early leaders in an agricultural leadership program for those from the age of 25 up to 35 or 40 years of age, to give them a boost in leadership. It's a leadership training program supported by the Kellogg Foundation. I believe there are 20 such programs in the country today.

We tried to learn everything we could about how your State's doing it. In fact, California has established an endowment program that almost fully supports that, to give young farmers a jump start on leadership, and help to provide that leadership for agriculture in the future. We would like to see some of them end up here in this town, too, working in different agencies.

Mr. CONDIT. That would be most helpful to Mrs. Thurman and myself, if they were here to help us out.

Does anyone else want to respond to that question?

Mr. Sullivan.

Mr. SULLIVAN. Mr. Chairman, one of the points I made in my written testimony was really that these ideas are great, but the bottom line is price and operating capital, really, to make this happen. And both of those do not look good right now.

Mr. CONDIT. Mr. Vap.

Mr. VAP. Just one comment: It's great to provide credit to farmers, young farmers, to get started, but somewhere along the line profits have to be produced, good markets, good prices for their products. Without those profits, they never pay back those loans, and we get into a serious situation there.

Mr. CONDIT. I would like to conclude, then, with maybe going down and just each one of you give me your response to this, because I think what you just said—I think the panel concurs with this, that we have to define and tighten up the mission of the De-

partment. Maybe the mission is that we have to put an agricultural industry together where the main consideration is, can people survive and make a profit?

I would like to ask each of you, do you think the mission that we have today is acceptable? As quickly and as concisely as you can make it, if it's not, what should the mission be? What should the priority of the Department be? Mr. Vap.

Mr. VAP. I'm not sure that I've seen a written mission of USDA. Maybe somebody else here has.

I think USDA does have a mission to provide the abundant food, at a high quality, for this Nation. We need to also provide the environmental protection for that farmland out there, through the USDA, through our idea of a separate environmental or a separate natural resources department, at any rate, within USDA, so that that farmland and our productive capacity can be maintained well into the next century, without degradation and without crop manipulation things and political things getting in the way of some of those environmental programs.

We feel that that single USDA environmental or natural resources department is the way to go for that purpose.

Mr. CONDIT. Maybe I could just, if I may, my understanding of the mission in the 1930's—and it began to change, as this chart showed somewhere—was for us to have a constant food supply at the lowest cost possible to the consumer and the safest food on the face of the earth. Those were the missions then. I'm not sure those missions—I mean, I think they are missions that ought to be incorporated, but I'm not—that's why we had price supports, and so on and so forth.

So that's what I thought the original mission was, and somewhere along the way we have taken on a lot more.

Mr. Lockett.

Mr. LOCKETT. Mr. Chairman, those things you mentioned sound like a good mission. Animal and Plant Health Inspection Service [APHIS] hasn't been mentioned today, I don't think, and that's one of the things that would fit someplace in the mission statement that you just made. I doubt that you could find any program under USDA auspices that didn't fit one of those missions.

One of the things that—and USDA has nothing to do with it—but the estate taxes are instrumental in breaking up farms and ranches and not being able to pass them on down through families and possibly going into corporate hands, or something else. That has to do with the financing.

One of the things that is most important to farmers out there is that, with the regulatory atmosphere that we have today, they would like to be assured that two things will be looked at. One is that, will the regulations look at cost versus benefit? And the other one is, keep an eye always on private property rights, and where do we cross that line when we overregulate? That is in the Constitution, and that, I think, is a vital concern and should be uppermost in the mind of Congress all the time.

Mr. CONDIT. Good point.

Mr. Sullivan.

Mr. SULLIVAN. Well, I would agree very much with the statement you made and the way you stated it, in terms of the kind of mis-

sion I would like to see and I think would be good for us as a Nation. I would also like to add that I would like to see the mission of this reorganization in this administration to be support for instituting and restabilizing a family farming system in this country that is on the brink of extinction. And I think one of the major components of that is finding a way to get young farmers into the industry.

The second point I would make is, I think we should be thinking more about the national security implications of our trade agreements and what we're doing, and add to the statement, "ensure safe food in this country, safe domestic production of food," because a country that doesn't produce its own food gets in a terrible crisis somewhere down the line.

Mr. CONDIT. Dr. Carpenter.

Dr. CARPENTER. I agree, Mr. Chairman, with your earlier analysis. In the 1930's the mission also included service to rural communities and their families. And I think that has resulted in broadening the role somewhat of the Department of Agriculture. I would be reluctant to suggest, however, that programs such as the expanded food and nutrition education program be moved from USDA.

If, in fact, in addition to that of providing a safe, affordable, nutritious food, the way in which to use that in the most responsible way for the quality of life is important. As you look across government agencies, probably this educational role can best be performed by the Department of Agriculture.

One reason that particular program—EFNEP—works, is that it is associated with our educational programs and with land grant universities. So delivery of the program is to a group of people who are approximately 70 percent on food stamp entitlement programs. We don't give food out in this educational program. We give them something there that they don't eat up this week. We have many good experiences of their moving into a very productive work force.

So I'm concerned about limiting the term "agriculture" to production agriculture of food and fiber alone. It's broader than that, I think.

Mr. CONDIT. Thank you, Dr. Carpenter.

I want to thank you gentlemen very much. You have been most helpful to this committee. We appreciate your time and your effort, and it will be very helpful in the future. Thank you very much.

Dr. CARPENTER. Thank you.

Mr. VAP. Thank you.

Mr. SULLIVAN. Thank you.

Mr. CONDIT. Anything else?

[No response.]

Mr. CONDIT. This meeting is adjourned.

[Whereupon, at 12:05 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

Gary A. Condit, California, Chairman
Major Owens, New York
Karen Thurston, Florida
Lynn Woolsey, California
(Vacancy)

Craig Thomas, Wyoming
Ranking Minority Member
Donna Roe-Latham, Florida
Stephen Horn, California

ONE HUNDRED THIRD CONGRESS
Congress of the United States
House of Representatives
Information, Justice, Transportation, and Agriculture
Subcommittee

(202) 225-3741

FAX (202) 225-2445

of the
Committee on Government Operations
B-349-C Rayburn House Office Building
Washington, DC 20515

May 6, 1993

The Honorable Leon Panetta
Director
Office of Management and Budget
Washington, DC 20500

Dear Mr. Panetta:

Last month, the Subcommittee held the first in a series of hearings on the management and structure of the Department of Agriculture. A wide variety of issues were discussed at the hearing, including several pertaining to information resources management shortcomings at USDA.

The General Accounting Office testified about the importance of accurate and timely management information in the operation of the Department. The Subcommittee learned that many components of USDA do not have the ability to collect or share basic management information. GAO suggested that USDA must take a fresh look at how information technology is used and referred us to the information resources management activities of the Office of Information and Regulatory Affairs.

The Subcommittee is, of course, familiar with the information policy activities and paperwork reduction activities of OIRA. We believe that OIRA could provide assistance to the Subcommittee's oversight activities and to the operations of USDA. We have three observations to offer at this time.

First, USDA appears to do little in the way of strategic planning. Although the Department does prepare an information technology plan annually, there seems to be a weak link between that plan and USDA budgeting, financial planning, personnel planning, and mission planning.

Second, it is apparent that coordination within the Department can and must be improved. Many USDA programs have a similar focus or client base, yet information sharing is inconsistent at best. This results in long response times and unnecessary paperwork burdens for clients. A USDA data management steering committee already exists to standardize data definitions among the component agencies. In order to be effective, this effort may need to be expanded to include policy makers and program managers.

Third, USDA needs to improve its coordination with federal, state, and local government agencies on Information Resource Management (IRM) matters. Many programs administered by USDA overlap with activities in other agencies. Yet there are few initiatives to improve the sharing of information across agencies to reduce duplication of effort. This should be a prime activity for USDA's IRM office.

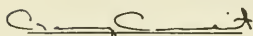
The consequences of these inadequacies is illustrated by the lack of progress on key USDA IRM initiatives. The Modernization of Administrative Processes (MAP) Program has the potential to eliminate unnecessary procedures and paperwork, and to streamline policies and procedures used to manage money, personnel, and property. Infoshare is designed to make USDA more user friendly and to reduce the paperwork burden on the public by providing the farm service agencies with integrated office automation, databases, geographic information systems, and telecommunications tools. Both programs could improve the ability of USDA to deliver services, but both are falling short of the goals.

If substantial progress is made on a formal reorganization of USDA, the compatibility of its computer systems will become a matter of utmost importance. But problems such as those already experienced with MAP, Infoshare, the Process Commodity Inventory Management System (PCIMS), and the Grain Inventory Management System (GIMS) have the potential to paralyze the entire farm service mission of USDA. GIMS and PCIMS have already been the subject of hearings by this Subcommittee. See Agricultural Stabilization and Conservation Service Computer Systems: Building Another Hubble, September 18, 1990.

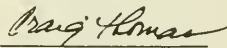
We believe that OIRA can provide valuable assistance and direction to USDA in addressing these critical IRM problems. The USDA information systems may be of sufficient complexity and importance to warrant inclusion in the Program for Priority Systems.

The President has nominated Sally Katzen to serve as the Administrator of OIRA. We hope that a review of USDA's IRM activities will be one of her first priorities.

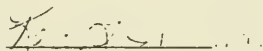
Sincerely,




Rep. Gary A. Condit
Chairman



Rep. Craig Thomas
Ranking Minority Member



Rep. Karen Thurman
Subcommittee Member



Rep. Stephen Horn
Subcommittee Member



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 26, 1993

Honorable Gary A. Condit
Chairman, Subcommittee on Information,
Justice, Transportation, and Agriculture
Committee on Government Operations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your letter addressing information resources management (IRM) shortcomings at the U.S. Department of Agriculture (USDA). We share the view that better information management and coordination among the Department's components can reduce paperwork burden on the public, improve service, and reduce costs. I know Secretary Espy is committed to addressing these issues and is in the process of taking specific steps to do so.

Here at the Office of Management and Budget (OMB), I have taken two steps that I hope will aid this process. First, I have written to Secretary Espy asking him to take a close look at the opportunity that reorganization will provide to coordinate the use of information within USDA (see enclosed letter). Second, I have asked the Administrator of OMB's Office of Information and Regulatory Affairs (OIRA), in consultation with the General Accounting Office, and the Subcommittee's staff, to assist the Department of Agriculture and to provide perspective and expertise to the Department.

OMB supports agency efforts to incorporate information technology in program implementation. My staff is available should you have any questions regarding this issue.

Sincerely,

Leon E. Panetta
Director

Enclosure

IDENTICAL LETTER SENT TO HONORABLE CRAIG THOMAS,
HONORABLE KAREN THURMAN, AND HONORABLE STEPHEN HORN



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

Honorable Mike Espy
Secretary of Agriculture
Room 200-A
14th and Independence Avenue, SW
Washington, DC 20250

Dear Secretary Espy:

Recently, members of the House Information, Justice, Transportation, and Agriculture Subcommittee wrote to the Office of Management and Budget (OMB) concerning the Department of Agriculture's (USDA) information resources management (IRM) activities. I have enclosed a copy of the letter and my response.

The Subcommittee makes several observations that seem to merit attention. Specifically, the letter suggests the need for a stronger link between the Department's information technology plan and USDA budgeting, financial planning, personnel planning, and mission planning. It recommends greater involvement by policy officials and program managers to improve information sharing within the Department, and with other Federal agencies and State and local governments. It suggests that attention is needed to two initiatives -- InfoShare and the Modernization of Administrative Processes (MAP), that could deliver improved service and reduce burden.

Your efforts to reinvent and reorganize USDA and to meet the FY 95 spending caps provides a critical opportunity to make strategic decisions regarding information technology. For example, I understand that InfoShare would consolidate existing disparate systems in the Soil Conservation Service, the Agricultural Stabilization and Conservation Service, and the Farmers Home Administration.

I have asked Sally Katzen, OMB's Administrator of Information and Regulatory Affairs, to make her staff available to assist you in addressing the concerns raised by the Subcommittee. It would be helpful if you would let her know who

will be coordinating the Department's efforts to respond to those concerns. She may be reached on 395-4852. Please do not hesitate to contact me directly if I can be of additional assistance.

Sincerely,

Original Signed By
Leon E. Panetta
Leon E. Panetta
Director

Enclosure

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